REPORT OF THE CONGRESS SMALL SAVINGS COMMITTEE

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ALL INDIA CONGRESS COMMITTEE

7, Jantar Mantar Road
NEW DELHI

21-5-56

Shri U.N. Dhebar,
President, Indian National Congress,
New Delhi.

My dear Dhebar Bhai,

I am submitting herewith the Report of the Small Savings Committee which was appointed by the Congress Working Committee at Amritsar on February 13, 1956.

The Committee held four meetings to discuss various aspects of Small Savings. It has been successful in receiving a number of replies from the Chief Ministers of States, Economists, Members of Parliament, Congress Committees and others. These have been given as appendices to the Report.

Printed copies of the Report will be available for members of the Working Committee and the All India Congress Committee on June 1, 1956, at Bombay.

Yours sincerely,

SHRIMAN NARAYAN

Convener

INTRODUCTION

Appointment of the Committee: Realising the vital role of Small Savings in financing the Second Five-Year Plan, the Sixty-First Session of the Indian National Congress, held at Amritsar in February 1956, adopted the following resolution:

"The allocations proposed for the Second Five-Year Plan involve a total outlay of Rs. 4,800 crores. This is more than double the expenditure in the First Plan period which is estimated to be Rs. 2,120 crores. To raise these resources will demand a great effort on the part of the nation. Fresh taxation and large-scale borrowings by the Central and State Governments will be necessary. In particular, Small Savings by a very large number of people will have to play vital part. This is not only necessary from the point of view of raising money but also to make as large a number of our countrymen as possible, partners in this great undertaking.

"The Congress, therefore, appeals to the nation and, more particularly, to Congressmen, to help in the Campaign for Small Savings. Every Indian should participate to the extent of his capacity in this Campaign. Even small sums given by a very large number of people will total up to a great figure, covering the present gaps in our estimated resources. This will make the country feel confident and self-reliant.

"In addition to these savings, voluntary or compulsory, there is the large field of voluntary labour for carrying out many of the schemes in the Plan. Thus, every Indian can have a sense of personal participation in the building of new India.

"When there is this call for saving, any conspicuous and unnecessary spending is completely out of place and anti-social and must be discouraged. Every Indian must realise that, after fulfilling his essential needs, his first duty is to spend for India and not for himself. Investing in Government loans and Small Savings, he is not only participating in this great adventure but is doing good to himself and his family. The prosperity and well-being of India necessarily means higher standards and better living conditions and opportunities for all our people."

This "Call for Saving" was immediately followed by the appointment of a Small Savings Committee by the Working Committee on February 13, 1956, at Amritsar. The Working Committee decided that in order to consider the resolution "Call for Saving" and to formulate schemes for its implementation, the under-mentioned persons will form a Committee, with powers to co-opt, and they will submit their preliminary report at the next meeting of the Working Committee:

1. Shri Govind Ballabh Pant
2. Shri Gulzarilal Nanda
3. Shri Jagjivan Ram
4. Smt. Indira Gandhi

5. Sardar Pratap Singh Kairon
6. Sardar Gurumukh Singh Musafir
7. Shri S.K. Patil
8. Shri Shriman Narayan (Convener)

Co-option of New Members: The first meeting of the Committee was held on February 22, 1956, at 7 p.m. at the residence of Pandit Govind Ballabh Pant. All the members of the Committee excepting Shri S.K. Patil attended. Dr. K. N. Katju and Shri Bhimsen Sachar were co-opted as members of the Committee.

Questionnaire: The Committee considered a draft questionnaire and discussed methods of mobilising savings. It was generally agreed that the existing Small Savings Schemes lacked a vigorous approach. The role of Insurance, Co-operatives, Panchayats and Post Offices in mobilising rural savings was emphasised and the need for a nation-wide Small Savings Campaign stressed. The Committee decided to send copies of the Questionnaire (see Appendix A) to State Governments, and Pradesh and District Congress Committees.

Copies of the Questionnaire were also sent to State Finance Ministers, Members of Parliament, and Heads of the Economics Departments of Indian Universities.

Sittings of the Committee: The second meeting of the Committee was held on March 28, 1956, at New Delhi at the residence of Pandit Govind Ballabh Pant. All the members of the Committee were present except Dr. K.N. Katju and Shri Bhimsen Sachar. Shri Arun Chandra Guha and Shri B.R. Bhagat attended the meeting by special invitation.

By this time the Secretariat had received a number of replies to its Questionnaire from Chief Ministers of States, Members of Parliament, Economists, etc., copies of which had been supplied to the members of the Committee. A note prepared by the Secretariat on the different points in the Questionnaire, in the light of replies received, was supplied to the members. The members expressed themselves on the different points of the Questionnaire and tentative decisions were reached on different aspects of Small Savings.

The third meeting of the Committee was held at the residence of Pandit Govind Ballabh Pant at New Delhi on May 10, 1956. The Committee had before it a draft Report prepared by the Secretariat. The Report was discussed and various suggestions were advanced for redrafting and altering it.

The Report, as altered and finally drafted, was placed before the fourth meeting of the Committee which met at the residence of Pandit Govind Ballabh Pant at New Delhi on May 21, 1956. The Report as finally drafted was signed by the members.

Acknowledgement and Appreciation: The Committee would like to place on record its sense of gratitude to the Chief Ministers of States who very promptly sent their detailed replies to its Questionnaire and also supplied valuable notes on the subject. The Committee is

also grateful to the various Economists, Members of Parliament, Congress Committees and others who sent their replies to the Questionnaire and furnished other valuable information and suggestions.

In the course of its deliberations, the Committee invited Shri Arun Chandra Guha and Shri B.R. Bhagat who helped the Committee by their suggestions. The Committee thanks them.

The Committee received a lot of material on the subject of Small Savings. The material was studied and collated by the Economic Research Department of the A.I.C.C. and then Shri Sunil Guha prepared a preliminary draft Report which was discussed by the Committee on May 11. In the light of suggestions advanced by the Committee, some chapters were rewritten as also the draft revised and altered by Shri H.D. Malaviya. The Committee places on record its sense of appreciation of the work of Shri Sunil Guha and Shri H.D. Malaviya.

CHAPTER I

APPROACH AND OBJECTIVE

PRESENTING the Second Five-Year Plan to the Union Parliament on May 15 last, the Prime Minister said:

"Our Five-Year Plan seeks to rebuild rural India, to lay the foundations of industrial progress, and to secure, to the greatest extent feasible, opportunities for weaker and under-privileged sections of our people, and the balanced development of all parts of the country."

The Prime Minister was reading from the introduction to the *Second Five-Year Plan.* He continued: "For a country, whose economic development was long retarded, these are difficult tasks, but, given the effort and the sacrifice, they are well within our capacity to achieve."

And the Prime Minister concluded:

"The enthusiasm and the widespread participation, which have gone into the making of the Second Five-Year Plan, are the best augury for its fulfilment."

This consciousness and this perspective should govern our approach to the question of Small Savings. Another aspect, important though oft-repeated, has to be emphasised. We have to keep in mind the environment in which we have to function, the traditions we have inherited, and the means by which we are determined to achieve our objectives. We are wedded to democratic principles, and these should guide us in our planned efforts for the economic and cultural advancement of the millions of people living in our Republic. We achieved our independence under the guidance of the Father of the Nation through peaceful and non-violent means. And now through the same means we are resolved to succeed in our fight against poverty, ignorance and other social ailments, so that a healthy society on the Socialist pattern may be finally established in this ancient land. Our path is clear. We march forward with the willing co-operation of the people avoiding the ways of violence and class conflict. The success of our expriment in

planning in India may prove helpful to other under-developed countries which are engaged in similar tasks.

We feel that this consciousness should strengthen us in our efforts and spur us to greater effort and activity.

The place assigned by the Second Five-Year Plan to Small Savings in the scheme of financing envisaged for seeing through the development programme of the Central and State Governments, aggregating to Rs. 4,800 crores, would be evident from the following table* :

Sources	Amount (Rs. crores)
1. Surplus from current revenues ..	800
(a) at existing (1955-56) rates of taxation ..	350
(b) additional taxation ..	450
2. Borrowing from the public ..	1,200
(a) Market Loans ..	700
(b) Small Savings ..	500
3. Other budgetary sources ..	400
(a) Railway's contribution to the development programme ..	150
(b) Provident funds and other deposit heads ..	250
4. Resources to be raised externally ..	800
5. Deficit financing ..	1,200
6. Gap—to be covered by additional measures to raise domestic resources ..	400
TOTAL ..	4,800

Says the *Second Five-Year Plan*:

"The collections under Small Savings have been placed at Rs. 500 crores over the Second Plan period. The receipts under this head have gone up steadily in the last few years—from Rs. 33 crores in 1950-51 to Rs. 65 crores in 1955-56. A target of Rs. 100 crores a year on an average over the Second Plan period will require a further substantial stepping up of these collections. The Small Savings Drive will have to be intensified for the purpose, and a countrywide campaign reaching down to every family and with sufficient following up right up to the lowest level is called for."

The important place assigned to Small Savings in the finances for the Second Plan is thus obvious. The question

***Second Five-Year Plan*, Planning Commission, Government of India, 1956.

of finding resources for the Second Plan has been the subject of considerable controversy for a year and more, and we do not propose to discuss the question here. The picture given in Table above expresses the pattern finally settled after detailed discussions and the largest common agreement that has been possible to achieve.

Without entering into a discussion of the question of finances for the Second Plan, we would nevertheless like to express ourselves on it in so far as it is relevant to the problem of the mobilisation of Small Savings. As the *Second Five-Year Plan* points out, the budgetary resources that can be raised by the Central and State Governments through taxation, borrowing and other receipts amount to Rs. 2,400 crores. A further 1,200 crores is suggested to be raised through deficit financing. If to this is added Rs. 800 crores expected by way of resources from abroad, we reach a total of Rs. 4,400 crores, leaving a gap of Rs. 400 crores.

There is a limit to which budgetary resources can be strained. Additional taxation can be resorted to in the conditions of our country only unwillingly, and under extremely pressing circumstances. Differences of opinion exist on the question of deficit financing. We are also well aware of opinions expressed by visiting foreign experts that under the conditions of India's developing economy, this deficit financing of Rs. 1,200 crores can be safely undertaken.

The Plan has assumed a total deficit of foreign exchange resources over the five years as Rs. 1,100 crores. This figure has also been arrived at taking into account the likely levels of imports and exports. The Reserve Bank of India (Amendment) Bill, 1956, already introduced in the Parliament, provides the maintenance of a minimum of Rs. 400 crores of foreign exchange. It is, however, provided that it can be scaled down to Rs. 300 crores for short periods. And there yet remains a gap of Rs. 900 crores to be filled: (*a*) by floating public issues in foreign money markets, (*b*) by arranging for banker's credits and export credits for supply of goods from foreign countries, (*c*) by borrowing from the International Bank for Reconstruction and Development and the newly formed International Finance Corporation, (*d*) by loans and grants from other international institutions such as the United Nations Technical Assistance Administration or the proposed Special United Nations Fund for

Economic Development, (*e*) through private foreign investment, and, finally (*f*) through loans and grants from friendly foreign governments.

Under this last item, the Second Plan takes credit for Rs. 800 crores of external resources. This works out to an average of Rs. 160 crores a year. In the First Plan period the utilisation of foreign loans and grants amounted to Rs. 40 crores a year. The total finances made available to India from external resources during the First Plan amounted to Rs. 300 crores of which only Rs. 204 crores could be utilised up to 1955-56. The main reason for the delay in utilising these resources was the inevitable time lag between the authorisation of assistance or the sanction of a loan and its utilisation on agreed projects by the procurement of stores, equipment, etc. The external assistance authorisations by various countries for the First Plan was as follows:

The U.S.A.: Wheat loans Rs. 90.3 crores; Indo-U.S. aid programme, Rs. 102.54 crores in grants and Rs. 39.29 crores in loans. Other countries' grants: Australia, Rs. 10.45 crores; Canada, Rs. 35.64 crores; New Zealand, Rs. 1.19 crores; the U.K., Rs. 50 lakhs; and Norway, Rs. 27 lakhs. Apart from the agreed releases of sterling balances, assistance from the U.K. has been mainly in the technical field. The total of loans sanctioned by the International Bank till March 1956 amounted to nearly Rs. 60 crores. Of this, over Rs. 20 crores was used before the First Plan. Of the balance, Rs. 12 crores was in loans for the public sector and the rest for the private sector. The Ford Foundation gave Rs. 5.4 crores in grants.

The prospects of external resources today, thanks to our policy of peace and non-alignment, can only be characterised as hopeful. On the eve of the Second Plan, India has entered into significant agreements with the Soviet Union, and other East European countries, and considerable expansion in our dealings with them can be anticipated. The U.S.A., in spite of the fact that she does not always see eye to eye with India on various international issues, has nevertheless been extending financial aid to India. But then, as the Prime Minister has time and again warned us, we have to be aware of the uncertainties always attendant on external resources. All sorts of unforeseeable difficulties can arise on our external resources

anticipations, and we have to be wary of it. The fact remains that essentially and ultimately, foreign exchange has to be earned by the country through the development of foreign trade, both visible and invisible. We would refer to what the Prime Minister said at a public meeting at Agra on 4-1-56. He said: "India is on the threshold of a big revolution. The Second Five-Year Plan is in the offing. We can advance only by our own efforts. Foreign aid is no doubt welcome, if it came without strings and in a friendly way. India would be thankful for such aid but she can not depend on foreign aid because it would not give her that strength which can come only through the toil and effort of her own people. Too much dependence on foreign aid would only weaken us."

The remarkable fact about raising resources for the Second Plan through Small Savings is that it suffers from none of the limiting factors which are attendant upon all other sources for the purpose. In his Presidential Address to the Amritsar Congress, Shri U. N. Dhebar very rightly pointed out: "There will be a considerable gap between the resources available and the resources required for the Second Five-Year Plan. There is a limit to taxation. But there can be no limit to the capacity of the people to save subject to satisfaction of their primary needs." And Shri Dhebar added: "The Congress can play an effective role in mobilising public opinion in this direction, especially in the direction of Small Savings."

Reference may also be made to what the Committee on "Plan-Frame and Its Resources" of the informal meetings of the A.I.C.C., held at New Delhi in September 1955, to discuss the pattern of the Second Plan, had to say on the question of Small Savings. The Committee said: "Since a larger part of the resources has to come from the people in general, a suitable atmosphere and suitable conditions should be created and the methods by which resources are secured should be based on principles of equality of sacrifice. The Committee feels that the amount intended to be raised through loans and Small Savings has been under-estimated. There are indications that it should be possible by a proper approach to the people and by taking necessary steps in this direction to secure a much larger amount in this form, perhaps 50% more than what has been anticipated."

The Committee would like to emphasise that credit

institutions like banks, co-operatives, insurance, etc., will take a long time to bring vast rural areas within their orbit. But in the meantime it is necessary to attract hoarded wealth, idle money and savings arising out of current incomes in the rural areas and channelise them towards productive purposes. Small Savings Schemes can, on the one hand, create deposit facilities in the villages and, on the other hand, avoid national wastage which is at present occurring in the form of idle and hoarded wealth. It will also bring a negative gain by reducing wasteful expenditure on social ceremonies, etc. In brief, the Campaign may promote economic discipline in national life and thereby develop organised economy regulated voluntarily, both at the production as well as consumption end.

The importance of Small Savings as a device for controlling the possible inflationary tendencies following deficit financing to the tune of Rs. 1,200 crores must also be borne in mind. The execution of big and minor projects in the Second Plan will release huge purchasing power among the people. The completion of these projects may be ahead of the production of consumer goods whereby a situation can arise when purchasing power being far ahead of the consumer goods available, the price spiral may go up, which development would be fraught with grave consequences. Second Plan aims at speeding up production to meet the situation and we hope for the best. Nevertheless, the importance of a Small Savings Drive to mop up the surplus purchasing power of the people can hardly be over-emphasised.

All factors, therefore, point to the great urgency of a Small Savings Drive which must be launched as a great patriotic movement on a nation-wide scale. We must invoke the spirit of the people to the sacrifices, risks and endeavour necessary for the great regeneration of the nation. Addressing the Conference of Pradesh Congress Presidents at New Delhi on September 2, 1955, Shri Jawaharlal Nehru had said :* "I have always believed, and believe even more so today, that our people are eminently sensible. They appreciate difficulties if we take them into confidence and place all the facts before them. The greatest mistake is to treat people as incapable of understanding our problems. The problems in their broad implications must be placed before them. They very much like the idea of yourself going to them and explaining to them all the pros and cons of the situation."

*A.I.C.C. *Economic Review* (Second Five-Year Plan Number), dated Sep. 23, 1955.

We suggest that this character of our people, their innate sense of wisdom and commonsense, should constantly be borne in mind when we launch the Small Savings Drive. India is rich in traditions of renunciation. Renunciation and not acquisition has been the more prominent characteristic of our people. In the case of Small Savings, however, it is not renunciation or *dan.* It is a call for parting with some cash now for national good and holds the prospect for enhanced returns in the near future. Small Savings in India can, indeed, meet with success which may prove to be astounding and exceed the expectations of optimists. The main task is to imbibe its spirit, to give it the shape of a nation-wide patriotic campaign, and touch the vital source of energy, the hearts of the people.

CHAPTER II

SMALL SAVINGS IN FOREIGN COUNTRIES

VOLUNTARY Personal Saving forms a very low proportion of the total national income in most under-developed countries as compared to advanced countries. This can be seen from the following table:

Percentage of Personal Savings to National Income

	1947	1948	1949	1950
U.S.A. (a)	—	4.03	2.43	3.78
Canada (b)	—	5.60	5.11	4.35
Brazil (c)	4.08	3.25	4.38	
Cuba (d)	2.74	2.04		

Making allowance for the greater industrialization and higher per capita national income in the more advanced countries, the low rate of Savings in the under-developed countries may be attributed to a paucity of mobilizing institutions. Saving institutions, especially for the small man, are more numerous in the advanced countries than in the under-developed countries. The following is a brief account of the various methods of mobilisation adopted in some of the more advanced, as also some under-developed countries.

(1) **United Kingdom:** The national savings movement in the U.K. is run by the Treasury through a National Savings Committee—a body of independent persons appointed by the Treasury—which is responsible for advertising and pushing sales of Savings Securities. Voluntary Local Savings Committees often assist, and if permitted by local authorities, co-ordinate the work of the voluntary local savings groups which form the base of the whole organisation. The administration of the National Savings Securities, which form part of general system of internal loans, devolves upon the

(a) *Survey of Current Business*, National Income Supplement, 1951
(b) *The Canada Year Book, 1951*
(c) International Monetry Fund Study
(d) *International* Bank Report of Mission to Cuba

Post-Master General. The following investment avenues are open to small savers in the country:

(*i*) Post Office Savings Banks
(*ii*) Trustee Savings Banks
(*iii*) National Savings Certificates
(*iv*) Defence Bonds
(*v*) Government Stock on Post Office Register
(*vi*) National Savings Gift Tokens
(*vii*) National Savings Stamps

In addition, facilities for small collections are provided through Penay Savings Banks and Home Safes. It is interesting to note that 50% of Britain's population as against only 1½% in our country are sharers in postal savings. But saving and investing through 'group' are the most outstanding features of the Small Savings Movement in the U.K.

(2) **United States:** The reasons why Savings are large and healthy in the U.S.A. are three: Saving is made convenient; Saving is safe; and, finally, Saving is motivated.

One can buy a U.S. Government Bond on the weekly instalment plan, paid for out of one's weekly wage. The firm extracts the money and the Government makes the bond to the purchaser. Each 18.75 dollars so invested return 25 dollars in 10 years.

One can bank by night in large cities. One can buy by mail. One can drive upto a teller's window, lean out and deposit his savings and drive off. One can save 25 cents to 10 dollars a week in Christmas Clubs (without interest) payable in a lump sum after 50 weeks. One can save in building and loan societies, an insurance fund or through a stock market purchase plan. The children can save in schools; a bank vehicle collects pennies, nickels and dimes each week at the school office.

Free coin-holders or desk calendar banks, in which a quarter deposit advances the date, are typical of minor merchandising devices to attract new Small Savings.

Savings are high in America, primarily because saving is motivated. Americans, as any other people, save for a

purpose. "Wishing won't do it, Savings will" proclaims one of America's oldest savings banks.

Interest rates in U.S. banks range from 2 to 3½ per cent, depending upon money supply and business conditions. Withdrawals are permitted on demand. Government bonds can be cashed any time, following a brief interval after purchase. Cheque Accounts which pay no interest but allow the depositors to issue personal cheques also add to the nation's reserves. In millions of American homes, saving is a deeply ingrained habit.

(3) **Australia:** Post Office Savings Banks operated in Australia in the 19th Century in a number of colonies (now States). All of them later on developed into State Savings Banks which used the post offices as their agencies for collection of savings. In 1912, when the Savings Bank Department of the Commonwealth Bank of Australia commenced operation, the post offices stopped doing savings work for the States' Savings Bank. The Commonwealth Savings Bank now functions through a large number of its own branches, a net work of post offices and a large number of private agencies.

Australia also has a system of National Savings Groups for netting in the savings of workers in the industry, trade and Government establishments. According to the Annual Report of the Commonwealth Bank of Australia, 2,762 National Savings Groups with 60,376 members having accounts with the Savings Banks, and deposits amounting to *A.*£5,21,000 were functioning in the country at the end of June 1955. In addition, 176 Employees' Savings Groups established and operated by employers were functioning under their National Savings Scheme started in January 1949. *A.*£42 million have been collected through all the savings groups since the inception of the scheme.

(4) **New Zealand:** Following closely upon the establishment of the Post Office Savings Banks in Great Britain, a similar institution was set up in New Zealand in 1865. It has become the major savings institution in the country and its importance is becoming more marked year by year.

Under the National Savings Act, 1940, the Post Office Savings Banks and the Trustee Savings Banks are authorised to accept deposits for credit of National Savings investment accounts for which the period of holding, rate of interest, etc.,

are fixed annually by the Ministry of Finance. Facilities are also available for the operation of National Savings Groups of the employees of shops, offices, factories, etc., at their places of employment, whereby regular deposits may be made by deduction from pay or by collection. The funds received from depositors are invested in New Zealand Government Securities.

New Zealand also introduced the School Savings Banks Schemes as early as 1934 with a view to encourage 'thrift' amongst young people. The aim of the Scheme is to promote regular banking every week.

(5) **Under-developed Countries:** With rather rare exceptions, countries now in the early stages of economic development have not exploited the potentialities of savings banking. In Brazil, it is said, the major part of the savings of the middle and working classes flows into the Federal Savings Banks. The Federal Savings Banks also have a monopoly of pawn-broking and of discounting the salaries of public servants and bank employees.[1] In Colombia, savings banking is virtually a legal monopoly of the State-owned Paja Colombiana de Ahorros, but the annual supply of fund from this source is small.[2] In Mexico, savings banking is a recent development. In the United States, it is generally conjoined with commercial banking; but the Mexican Savings Banks make short-term commercial loans and do not invest extensively in industrial or government bonds.[3]

In the under-developed countries of South-East Asia, various measures have recently been taken to encourage voluntary savings. Ceylon, for instance, has recorded considerable success. A post office savings bank has operated in the country for about 68 years with wide network of sub-post offices. The savings movement in Ceylon, like that of the U.K., is almost a voluntary organisation with about 30,000 people serving it in some way or other as members of rural or urban district savings committees or as office bearers of savings groups or authorised sellers of savings stamps. The number of savers in National Savings has increased from about 7 lakhs to over 16 lakhs during the last decade. Considerable pro-

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1. *Report of the Joint Brazil-U.S. Technical Commission*, June 1949, pp. 159-60

2. *The Basis of a Development Programme for Colombia*, I. B.R.D., Washington, 1950 pp. 52-53

3. Sanford A Mask: *Industrial Revolution in Mexico*, California University, 1950, pp. 241-42

gress has been made by Ceylon in the collection of marginal savings through its Savings Stamps Scheme.

The record of Burma is not so encouraging. Even though savings facilities have been available for a long time, the savings campaign has not made much headway because of a variety of reasons.

In Singapore, an intensive savings campaign has been initiated since 1951, and mobile vans have been operating throughout the island, providing facilities among the people. In Singapore, and in the Federation of Malaya, the savings banks have launched a Students Savings Scheme with the object of encouraging children to save. Saving is carried out through savings cards designed to hold stamps. Teachers sell stamps to the pupils on the weekly Savings Day and when their cards are full, the pupils take them to the post office to open a savings bank account.

In most of these countries, it appears that postal facilities have been the principal means of securing increased savings from rural areas. This requires a considerable expansion in the number of available post offices as also an improvement in the services offered to the depositors.

The United Nations study entitled *Damestic Financing of Economic Development* recommends the extension of savings banks to small communities, economising on overhead and personnel by utilising the post offices or any existing system of federal local offices. The study also recommends that higher rates be paid on savings deposits to evoke more capital for public lending agency and thus to break the monopoly of the local money-lenders in certain primitive economies. Multi-purpose co-operative societies with government guarantees for deposit liabilities of the societies and adequate rates of interest, life insurance of the endowment type, etc., are other well-known methods of mobilising Small Savings suggested by expert bodies.

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1. *Domestic Financing of Economic Development*, United Nations, pp. 16-20

CHAPTER III

SMALL SAVINGS IN INDIA: REVIEW OF PROGRESS

A SCHEME for mobilising Small Savings was started during War-time with the object of inculcating among the masses the habit of thrift and to stimulate investment in Government loans from people who did not subscribe to them. Later on, the Scheme became a permanent feature.

Schemes of Small Savings now available: There are five attractive investment avenues open under the Scheme which offer income-tax free return to the investors. The salient features of the investments are shown in the table below:

Name of Scheme	Duration of investment	Yield % per annum on maturity	Limit on Investment		Denominations
			Holder	Amount	
				T. Rs.	
P. O. Savings Bank (*Introduced: 1870*)	No limit	2 (up to T. Rs. 10) 1½ (above T. Rs.10) (Adjusted annually)	1. Individual	15	Without limit
			2. Joint	30	
			3. Public Accounts		
National Savings Certificates (Intd. 1. 12. 43) (Intd. 1. 6. 48)	12 years 7 years	4 1/6 3 4/7 Payable on maturity	1. Individual	25	5,10,50,100,500 1000 and 5,000. (7-year certificates are not issued in denomination of Rs 500)
			2. Joint	50	
			3. Local Authorities and Cooperative Societies	100	
			4. Other institutions	15	
			5. Charitable institutions	60	
			6. Provident Funds		Without limit
Treasury Savings Deposit Certificates (Intd. 1. 2. 1951)	10 years	3½ (Payable annually)	1. Individual	25	
			2. Joint	50	Multiples of 100
			3. Charitable institutions	100	
			4. Other institutions	50	
National Plan Certificates (Intd. 10. 5. 54)	10 years	4½ (Payable on maturity)	1. Individual	2½	5,10,25,50,100 500
			2. *Joint*	5	
Annuity Certificates (*Intd. 1. 7. 1954*)	15 years	About 3½ (Payable monthly with principal)	1. Indivudual	28	T. Rs. 3½, 7, 14 and 28 securing monthly payment of Rs. 25,50,100 & 200 respectively including repayment of principal
			2. Joint	56	

The variety of the above investments should suit the requirements of every small saver. A total investment of as much as Rs. 95·5 thousand can be made by an individual in all the above schemes. More liberal limits apply for investments by local authorities, co-operative societies, banks, provident funds, charitable, religious and educational institutions on the same terms. While facilities for investment in the P.O. Savings Bank, National Savings and the National Plan Certificates are available at post offices doing savings bank work throughout the country, the 10-Year Treasury Deposit Savings Certificates and the 15-Year Annuity Certificates are available at treasuries. There are about 12,000 post offices and 1,000 treasuries and sub-treasuries in the country at which facilities for investment are available.

National Savings Organisation: Until June 1948, the working of the Small Savings Scheme in the States was under the control of the State Governments, when their staff was taken over by the Central Government through the National Savings Commissioner, who is now responsible for operating the scheme. The National Savings Organisation has since been strengthened in recent years both at its headquarters and at the regional offices to cope with the increasing work. There are, in addition to the National Savings Commissioner at the headquarters at Simla, 14 Regional and 33 Assistant National Savings Officers and about 300 District Organisers working in the Organisation.

Savings Collections: The Small Savings Scheme was expected to collect Rs. 225 crores during the First Five-Year Plan. The collections against this target are indicated below:

	1951-52	1952-53	1953-54	1954-55	1955-56 (Revised Estimates)	TOTAL
Post Office Savings Bank	13.10	17.58	16.09	24.4	33.00	104.71
National Savings Certificates	17.76	18.45	20.25	19.75	19.18	96.04
10-Year Treasury Savings Deposit Certificates	13.05	7.28	6.45	5.05	4.25	36.08
National Plan Certificates				7.38	9.00	16.38
15-Year Annuity Certificates				0.55	0.50	1.05
Total	43.93	43.31	42.79	57.67	56.56	254.26

(Table Contd.)

	1951-52	1952-53	1953-54	1955-55	1956-56 (Revised Estimates)	TOTAL
Deduct Encashment of Cash Certificates, Defence Savings Certificates and withdrawals from Defence Savings Bank	5.23	3.52	3.13	2.16	1.26	15.30
TOTAL(Net)	78.30	39.79	39.66	55.51	65.30	238.96

It will be seen that the collections have been progressing steadily. However, far greater effort than has been put in so far will be necessary for achieving the target of Rs. 500 crores fixed for it in the next Five-Year Plan. It is, therefore, proposed to strengthen the National Savings Organisation. An independent publicity unit to cater to the needs of the Movement is being set up shortly at the Headquarters. A Savings Bank Advisory Committee has been engaged for some time on the simplification of the rules and procedures for investment in the Post Office Savings Bank, and the Savings Certificates. The investment pattern is also kept constantly under scrutiny and some new schemes, such as the issue of 'Gift Coupons' exchangeable into National Savings Certificates are being introduced. It is proposed to launch a campaign for the formation of Savings Groups in offices, schools, mills and factories and other establishments for regular collection of Small Savings. A scheme of appointment of internal agents in such organisations is also under consideration.

Measures taken to intensify the Small Savings Scheme:

(*a*) The General Authorised Agency System, introduced in January 1954, has been progressing steadily. The total number of Authorised Agents throughout India under this system now stands at about 16,000. This system is intended primarily to tap the Savings of the urban population.

(*b*) The Extra-Departmental Branch Postmasters' Authorised Agency Scheme, introduced in 1952 for tapping rural savings, has not yet been able to make much headway. The total number of Authorised Agents under this Scheme is about 650, more than 70% being in the Punjab.

(*c*) Other schemes to tap rural savings have been introduced in the States of West Bengal, Madhya Bharat, Madhya Pradesh, Saurashtra, Cutch, *etc*. The introduction of these schemes in other States is under way.

(*d*) States Savings Advisory Committees have already been set up in the States of Rajasthan, Madhya Bharat, Andhra, Hyderabad and Assam. The functions of these Committees are:

(*i*) to watch the progress of the Small Savings Scheme in the States,

(*ii*) to advise the State Government on matters relating to the Scheme, and

(*iii*) to suggest ways and means of popularising Small Savings Scheme investments and improving collections.

The State Governments are also being persuaded to form District Savings Committees.

To secure co-ordination of effort, the State Governments were requested to set up their own Small Savings Directorates.

The formula for the States' share of Small Savings collections was recently revised in order to provide greater incentive to State Governments to mobilize their agencies in the districts for Small Savings work.

(*e*) A Scheme to utilize the services of women for mobilization of Small Savings has also been working experimentally for the last two years. This is the Women's Savings Campaign. Under this Campaign, about 170 Social Service Organisations have taken up agency work for sale of 12-Year National Savings and 10-Year National Plan Certificates.

(*f*) Greater attention is now being paid to audio-visual publicity in the rural areas.

(*g*) Greater attention is also being paid to the mobilization of Small Savings through formation of Savings Groups in offices, industrial establishments, mills, factories, *etc*. A Scheme for the appointment of 'Interval' Agents in offices and establishments has been drawn up

for this purpose and is under the consideration of the Finance Ministry.

(*h*) Efforts to secure the formation of Savings Groups in educational institutions are being made and the State Governments are being requested to include ' Small Savings ' as a subject for study in the school text-books.

CHAPTER IV

SAVINGS POTENTIAL OF THE COMMUNITY

THE instinct of savings is inherent in human character, and specially so in our country. People, however, have been used to putting their savings in shape of ornaments for ladies and coins in iron chests. In the changed context of things, we have now to persuade our people to give up these habits which are unproductive as also risky. Savings would be very profitable both from the point of view of the nation as also from that of the individual if the same is invested properly. By the force of various economic factors, money has found its way from urban to rural areas in some measure. There thus exists good scope for tapping these areas for investment in small savings.

Ours is a people's Plan. Every citizen of the country should be made to feel that he is a partner and a participant in the great task of developing our country. And this is not possible unless in the implementation of the Plan, he or she is actually made a partner. Liberal investment in Small Savings by the humblest of the humble of our people is the most effective way of making our planned development the result of democratic and voluntary co-operation of all.

The third issue of the annual paper on national incomes released by the Central Statistical Organisation on May 19, tells us that the national income of India showed a very slight increase over the 1953-54 figure on the basis of 1948-49 prices. The corresponding figure at current prices, however, showed a decrease in 1954-55 as compared to 1953-54. The national income at 1948-49 prices was Rs. 10,170 crores in 1954-55, as compared with Rs. 10,040 crores in 1953-54, and Rs. 9,460 in 1952-53. Corresponding figures at current prices are Rs. 9,910 crores, Rs. 10,490 crores, and Rs. 9,820 crores, respectively. Expressed at 1948-49 prices, there is a small rise in national income between 1953-54 and 1954-55. Expressed at current prices, the national income in 1954-55 shows a decline of Rs. 580 crores or 5.5 per cent relative to 1953-54. This fall is attributed to a large fall in the price level. If the necessary adjustments are made for the price levels in the two years, the paper says, an increase in the real term of Rs. 130

crores or 1.3 per cent in 1954-55 over 1953-54 would be indicated as compared with an increase of Rs. 580 crores or 6.1 per cent between 1952-53 and 1953-54.

And the C.S.O. paper arrives at a broad conclusion which is of significance. It says that while the income expressed at current prices has gone down, the substantial rise in real national product which has occurred during the last three years has been maintained between 1953-54 and 1954-55. And further, the fall in money incomes at current prices has not adversely affected the general population because the prices have also gone down considerably. The absence of any large rise in national income between 1953-54 and 1954-55 is almost entirely due to no rise in agricultural production between the two years. But the progress of income in all other sectors has been quite normal.

The per capita income at 1948 prices worked out to Rs. 269 in 1954-55 and 1953-54, as against Rs. 256.6 in 1952-53 and Rs. 246.9 in 1948-49, showing a general increase, which augurs well for the Small Savings Drive.

Now only 3 per cent or a little more of the national income is saved for re-investment. Unless efforts are made to increase the percentage of national savings, it would obviously be difficult for us to implement the development plans. In U.S.A. and U.K., the percentage of savings for reinvestment is, roughly speaking, 12 to 15, which is much higher than what is ours. It is of the utmost importance, therefore, that we sharply raise the percentage of our national income for re-investment. We can do so only by asking every individual to save a portion of his income for investment in Small Savings. It is evident from the rising trend of collections that enormous potential funds are still lying unharnessed. There is a great scope, particularly in the rural areas, for investment of the surplus money so that it may be put to productive use. This process, if successful—and there is no reason why it should not—would lead to a continuous circle of national prosperity, viz., of the greater amount saved, investment of the savings in productive works, increase thereby of the national income, more resultant saving and more investment and so on.

The *Second Five-Year Plan* has suggested that " a close examination be made of the strata reached so far by the Small Savings Movement both in urban and in rural areas, and a concerted effort undertaken by State Governments and by

non-official agencies to carry the message of the Plan all over the country and to bring into the Small Savings Movement all the areas and classes that have so far not been covered. The aim should be to induce every citizen of the country to make a contribution, however small, to the task of transforming the economy."

The suggestion advanced above, of a close examination of the strata reached so far by the Small Savings Movement, is of the highest importance. Besides this, in the course of discussions in the Committee, some members were emphatic on conducting detailed investigations in certain districts or areas where the Small Savings Drive was specially successful. The Committee feels that evaluation organisation and research institutions, both at the Centre and State levels, official as well as non-official, should give immediate attention to such investigations and surveys, so that when we enter the second year of our Second Plan, and examine the results of the Small Savings Drive in the first year of the Second Plan, the nation may be possessed of rich factual material for further improvements in and development of this campaign.

Under the existing circumstances, however, only a rather vague estimation of the savings potential of the community can be attempted. The 1951 Census returned a total population of 3,569 lakhs, out of which 619 lakhs lived in 3,018 towns and 2,950 lakhs were found in 5,58,089 villages. Thus, 82.7 per cent of our population is rural and only 17.3 per cent urban. Of this rural populations, 26.5 per cent lives in small villages of less than 500 population, 48.8 per cent in medium-sized villages of population between 500-2000, 19.4 per cent in large villages of population between 2000-5000, and 5.3 percent in very large villages of population above 5,000.

To better gauge the savings potential of our population it would be necessary to have a background of the livelihood pattern in India. The returns of the 1951 Census are compiled in Table I (Appendix G.) These various classes constitute the potential source for Small Savings in our society. We have fuller and more detailed statistics available about the agricultural classes, and more specially of the agricultural labourers. The occupational distribution of our total agricultural population in different Part 'A', 'B' and 'C' States of India, as shown by the 1951 Census, would be found in Table II in Appendix G.

This Table shows that 67.7 per cent of the agricultural classes belonged to livelihood class I (that is, cultivators of owned land and their dependents), and 12.7 per cent to livelihood class II (cultivators of land mainly unowned and their dependants). The non-cultivating rent-receivers (livelihood class IV) were 2.14 per cent, and the cultivating labourers and their dependents (livelihood class III) were 17.99 per cent of the agricultural population.

The agricultural labourers are at the lowest rung of our population, and if an estimate is worked out for their potential contribution to Small Savings, it should be possible to make a rough estimate for other sections. Fortunately, we are in possession of detailed information about their income levels, thanks to the General Village Survey, the General Family Survey, and the Intensive Family Survey of the Agricultural Labour Enquiry of the Ministry of Labour of the Govt. of India. The Reports of these surveys conducted between 1950-1952, supply a fund of information on the subject, into the details of which we need not go here. The average annual income per agricultural labour family and the per capita income for India, the different Census Zones, and major States would be found in Table III in Appendix G.

In India, taken as a whole, there are about 17.6 agricultural labour families. Agricultural labourers form about 30.4 per cent of the total number of rural families, and 22.7 per cent of the total number of both rural and urban families. The average size of an agricultural labour family was found to be 4.3, consisting of 2.0 earners, 0.3 helpers and 2.0 dependents. This average family of 4.3 could secure in 1950-51 an average annual income of Rs. 447 from all sources, including self cultivation over little bits of land, which a small percentage among them have, and non-agricultural labour. The annual per capita income of an average agricultural labourer thus works out at Rs. 104 for India as a whole as against a per capita income of about Rs. 260 for the entire Indian population. Worked at in another way, it would appear that in the year 1950-51, all the agricultural labour families in India, which formed about 22.7 per cent of the total number of Indian families, got 8.3 per cent of our national income.

The Committee feels that it should not be difficult to get for Small Savings one rupee from each person in this livelihood class III (including earners and dependants). This per capita contribution of rupee one would in the case

of a family works out to Rs. 4.3. Approximately, we may thus expect a sum of rupees five to Small Savings from each agricultural labour family. In round figures this should yield about Rupees 9 crores each year.

We have no estimates of income for other agricultural livelihood classes. Livelihood classes I and II, that is cutivators of land wholly or mainly owned and cultivators of land wholly or mainly unowned can, however, be taken to be in a better condition than the agricultural labourers, whom the Panel of Economists of the Planning Commission described as "the poorest, the most disadvantaged and the most insecure." A broad generalisation can be made regarding livelihood classes I and II on the basis of holdings cultivated by them. Here again, we are faced with the problem of lack of statistics. The Land Reforms Panel of the Planning Commission collected some figures for each State, and a summary of them is given on pages 213-220 of the *Second Five-Year Plan*. Valuable as these figures are, as also the information otherwise available for certain other States, these are not comparable on an All-India scale since different and varying patterns have been followed for the collection of the statistics. Speaking very broadly, 50 per cent of the cultivators may be regarded as cultivating holdings of 2.5 acres and less, and 85 per cent may be regarded as cultivating 5 acres or less ; in other words, 35 per cent of the cultivators have holdings between 2.5 and 5 acres, and 15 per cent may be regarded as cultivating holdings of 5 acres and above. Out of this, a bare 7 per cent may be taken to cultivate holdings of 10 acres and above. Among these, a very very small number may be cultivating more than 50 acres.

On the basis of this generalisation, it may be suggested that cultivating families up to 2.5 acres may be expected to contribute Rupees 6 annually to Small Savings, those between 2.5 and 5 acres Rs. 7 annually, those between 5 and 10 acres Rs. 8 annually, and those above 10 acres Rs. 10 annually. Of course, in case of cultivation of still bigger holdings a larger contribution may be expected. And then we have the non-cultivating rent-receivers, i.e., livelihood class IV.

In view of the lack of statistics indicating the size distribution of holdings and the area under each size, and the total population in each group, no definite total can be worked out, as we have broadly estimated for the agricultural labourers.

The information variously available can be pooled and worked, but the Committee would prefer to leave it to expert hands.

Let us now turn to the non-agricultural classes. Table IV in Appendix G gives the net output per engaged person in the Indian Union during 1950-51.

The Table shows that the net output per person engaged in agriculture is apreciably low (Rs. 500) as compared to other industrial, commercial, trading, mineral and professional or salaried services. In the second place, the Table shows the higher net output for almost all classes of population engaged in activities concerned with industrial, mineral, banking and *the allied groups, professional and the salaried groups, railways* and communication, etc., which on an average is more than Rs. 1,000 per annum. Only the net output under domestic *service is lower than in agriculture. From which the conclu*sion is inesapable that the savings potential of these other non-agricultural groups can be rated as higher than for agricul*ture. It should also be noted that the income structure* of rural population is largely composed of family incomes, where*as that* of urban population is composed of individual earning units. Further, the existence of a large number of employers and employees in urban areas ensures the security of incomes brought about by industrial and other services. It can safely be assumed, therefore, that the averge rate of saving per person in the urban area would be higher than in the rural areas, *though in the total, the rural contributon is bound to far exceed* the urban contribution.

There is another way of looking at the question. The per capita income of India at 1948 prices has been estimated by the Central Statistical Organisation at Rs. 264 at present. *In reply to a question in the Lok Sabha on* March 11, 1955, the Finance Minister estimated per capita income of India for the year 1951-52, 1952-53, and 1953-54 at current prices as Rs. 274.5, 267.4 and 283.9 respectively. The Second Plan expects an increase of 5 per cent in national income each year. As a result of the progressive expenditure on social overheads, monetisation of the rural areas under the National Extension and Community Development Schemes, farm price support, restrictions on rents and *fuller utilisation of installed* capacity, etc., the incomes of both the rural and urban population are likely to go up, and consequently their savings capacity. There is thus considerable scope of stepping up the per capita saving by intensive as well as extensive efforts.

Even if we assume that Rs. 5 can be the per capita contribution to Small Savings, on the basis of the 1951 population of say 35.5 crores, we can get in a year Rs. 177.5 crores and the total for 5 years can be Rs. 887.5 crores. In view of the expected increase in per capita income we can estimate on the basis of a contribution of Rs. 7 per capita for Small Savings. In that case the annual contribution can be of the order of Rs. 248.5 crores, and for the five year period it can reach the figure of Rs. 1242.5 crores.

These are, however, rough estimates of the savings potential, and the detailed calculations will have to be left to experts. Of course, a great national effort would be needed for the purpose. In the preparation of the Second Plan care has been taken to plan from below, on the basis of the felt needs of the community. Attempt has been made to get the village plans and integrate them with District, State and the National Plan. Further, the governments at the Centre, and the States have been following policies of land reforms and other social legislations for upliftment of the community. And these legislations are to be carried to a stage higher in the years to come. Education, health and other social amenities will grow. The Community Projects and the National Extension Blocks are bound to bring progress and prosperity to ever larger numbers of people. It is, therefore, not difficult to increase the income from Small Savings. We have to proceed about the business with a firm will and determination, with the fullest faith in our people.

CHAPTER V

MOBILISATION OF SAVINGS POTENTIAL

THE Committee feels that the existing machinery for mobilising Small Savings is inadequate and not vigorous enough to tap the potential Small Savings of the community, especially in the rural areas. Such Small-Savings Securities as are transacted at post offices have no doubt, a wide organisational backing but, even so, a total of 11,000 post offices could hardly suffice for the whole country. In the rural areas, particularly, a total of 6,500 post offices cannot serve a total of more than 5,00,000 villages. Moreover, post offices in India have not so far appreciated the standard of service they should offer to the purchasers of certificates and holders who want to cash their certificates. While, therefore, the Postal Savings facilities need to be improved considerably, other methods have also to be devised to attract the various classes of savers. The Committee recommends the following measures for strengthening and revitalising the machinery for mobilising the Small Savings of the community.

Postal Savings Banks

At present the collection of savings appears to be only an incidental function of post offices. The ordinary function of post offices should be carefully distinguished from the function of collecting savings and special staff has to be recruited and trained for the effective discharge of this special function. They could be induced to become more active agents in the mobilisation drive by the offer of special allowances and commissions. The following additional measures are also recommended:

(*i*) There should be considerable expansion in the number of available post offices.

(*ii*) The organisational arrangements and procedure must be so changed as to make for easy understanding and easy access by rural and illiterate people.

(*iii*) It would be desirable to revive the system of issue of Savings Stamps or coupons of 4 annas and multiples thereof, which was tried during the War time. Such stamps or

coupons may be carried by the postman and sold at the doors of the intending investors. Any incentive by way of commission provided now for such collections may be extended to postmen also. These stamps or coupons should be convertible into National Savings Certificates of higher values. The introduction of revised National Savings Pass Book through the Postal Department to enable the poor rural people to accumulate the desired amount through purchase of Savings Stamps is also recommended. This will help the rural people to accumulate the quarterly or half-yearly premium for their Insurance.

(*iv*) The rate of interest paid on postal savings from Rs. 25 to Rs. 10,000 (Rs. 20,000 in the case of joint accounts) should be raised from 2 per cent as hitherto to 2½ per cent; the rate on balances above Rs. 10,000 (Rs. 20,000 in the case of joint accounts) should be raised from 1½ per cent as at present to 2 per cent.

(*v*) The popularity of the Small Savings Scheme is likely to be enhanced if the annual interest is arranged to be paid at the door of the investors. It is, therefore, to be considered if in the case of investors of Small Savings in rural areas the interest amount can be arranged to be paid on the due date at their homes by making use of the machinery of the Postal Department without charging any commission.

(*vi*) The more important reform would be to make Savings Certificates easier to cash. The post offices may be directed to select a dozen or so respectable persons in the jurisdiction whose indentification certificate should be accepted by the post office without delay. This will greatly facilitate withdrawals and also save rural investors from petty harassment by postal employees.

It so happens that a sudden demand by an investor or a group of investors cannnot be forthwith met in view of the paucity of funds in the rural post office. The postal rule should provide in such instances the remittance by the quickest means at Government cost to the rural post office from the nearest large centre, so that when an investor or a group of investors withdraw their deposits, no delay should take place.

(*vii*) The procedure of investment in National Saving Schemes has to be simplified. In the case of purchase of Small Savings Certificates directly at the post office, the procedure

is of course not so cumbersome as it is if the money is invested through an authorised agent. The postal staff should be more courteous in their dealings with the prospective investors. On the withdrawal and encashment side there are some defects, especially on the point of discharge of the depositors' receipts. Generally the postal staff press upon the depositors to produce evidence even if the signatures on the payment warrant tally with the specimen previously obtained. Release of money by the post office of withdrawals should be offered in a simpler way, as is done at Bank counters, where a depositor has but only once to establish his identity. It should not be necessary to produce a witness (known to the post office) to establih identity every time a withrawal is sought.

Similarly, the holders of National Savings or Plan Certificates, whose signatures at the time of discharge of the Certificates (taken in the presence of the postal staff) tally with specimen signatures on the identity slip, should not be harrassed for producing a witness.

Withdrawal and encashments of smaller amount should be made even through branch post offices. In case of illiterate persons, a village Lambardar, panch, patwari, school teacher, or persons holding an account with the post office should be accepted as witness. Production of a witness known to the post office should not always be insisted upon.

Co-operatives

The object of the Small Savings Drive is essentially the application on the part of the people of their savings for public purposes and for promoting community welfare. If this purpose can be achieved by the people themselves, through their own agencies, e.g., Co-operatives, so much the better. In fact, net-work of co-operative societies in the rural areas is ideally suited for collecting small amounts from a large number of persons. Moreover, rural savings can also be augmented by diverting the large proportion of annual expenses on marriage and such other ceremonies into investment in the co-operative credit structure. A co-operative society functioning in a village can make a direct appeal to the residents of the village.

The great emphasis laid on co-operative economic

activity under the Second Five-Year Plan has opened up a vast scope for the development of co-operative societies. The Committee, therefore, recommends that:

(*i*) Measures should be taken to take the co-operative movement deep down into the villages;

(*ii*) Through education and propaganda people should be persuaded to act through established co-operative societies, whether unitary or multi-purpose, to the largest possible extent;

(*iii*) Co-operative societies should tap local resources and endeavour to raise their requisite funds from their own members through loans and deposits rather than depending on advances from local cooperative banks and State aid;

(*iv*) The co-operative banks or the State should devise some sort of guarantee for the return of advances and deposits so as to inspire confidence and a sense of security in the rural depositors;

(*v*) A proportion of the reserve funds of the co-operatives should be invested in National Savings Certificates. In particular, the co-operative marketing societies should be asked to invest a portion of their funds in National Savings Certificates, so that such an investment may act as insurance against trade risks;

(*vi*) Approved 'A' class co-operatives should be appointed authorised agents for the sale of National Savings Certificates.

Nationalised Insurance and Small Savings

Nationalisation of Life Insurance has set a new perspective for Small Savings and poses the urgent question of adjusting the mutual relations of National Savings and Nationalised Insurance, so as to harmonize their operations. Competition between the two might work adversely by reducing total reciepts in official savings plans. It is, therefore, imperative that Life Insurance and National Savings are now organised as different wings of the Small Savings Drive, working in the same field, appealing to the same persons, employing the same sales technique, extending over the same new areas, viz.,

rural tracts and lower income groups, and utilising the same agencies, namely, co-operative societies and Village Panchayats. To promote Small Savings to the utmost, State Governments should be invited to co-operate in a combined drive for savings and insurance, on the basis of share in total Small Savings collected.

The contractual savings, as insurace payments, is lately on increase in India. The habit of saving money through insurance is also on the increase among salaried and trading classes. However, the size of premiums of even the smallest type of policy makes it difficult for the small saver to save through insurance. To attract the savings of small savers, the Committee recommends the following measures:

(*i*) Lowering the premium rate on the policies of small denominations.

(*ii*) Facilitating the payment of premium in suitable number of instalments in place of the present system of quarterly or yearly instalments.

(*iii*) Providing facilities for opening savings deposit accounts with the insurance companies.

(*iv*) Starting rural branches of insurance companies with facilities for small policies. Policies of Rs. 100 only on very easy premium and terms may be issued specially for the rural population. The formalities have to be lessened and simplified not only when the policy is issued but also at the time of maturity. Such small denomination policies should be made available at rural post offices also.

(*v*) Business insurance should be undertaken to cover the business of small traders, cottage industries producers, retail dealers, petty shopkeepers, etc.

(*vi*) The Nationalised Life Insurance should take up small endowment policies.

(*vii*) Life Insurace could be usefully combined with National Savings into another convenient and attractive pattern of regular Small Savings. Attempts are made in the Savings Movement to form employees working together in an office or mill into Savings Groups, which admit members on declaration of a definite sum intended as monthly savings. To help Savings Groups to establish themselves firmly on the basis of regular, ungrudging contributions from members, and to give the small saver the best of both insurance and savings on his limited income, monthly payment of Group savers might be divided between payment of insurance premium and purchase of savings certificates covered under a composite scheme. If members of Savings Group are allowed combined benefit on a joint insurance-cum-savings policy, it would give the small saver the best possible terms. On the insurance side the combined policy, when issued through Savings Groups, would be cheaper on premium on account of the advantages of group insurance.

Properties of Religious Institutions

The non-productive use to which temple, church, mosque and gurdwara properties are subjected at present represents a colossal loss to the social and economic progress of the country. It is high time that these potential sources of savings are directed towards productive investment. It would certainly increase the safety of these funds and also prevent their abuse, if they are made compulsorily investible in Government securities. The Committee is, therefore, of the opinion that the possibility of enactment of a Central legislation on the lines of the Madras Religious Endowments Act, uniformly applicable to Indian Union, should be explored.

The Madras Hindu Religious and Charitable Endowments Act provides *inter alia* that the Government may make rules for the custody of money of religious institutions, their deposits in and withdrawal from banks, and investment of such funds for development purposes. Similar legislations in other States would help religious objects by regulating endownments to proper purpose and securing the endowed funds.

The Committee, however, recognizes that the managing bodies of the religious institutions will have to be persuaded to co-operate with the Government in making such legislation a success. If the managing bodies can be tackled properly and it is brought home to them that the proposal is in the interest of the religious institutions themselves and will at the same time benefit the community as a whole, the results will be quite encouraging.

Voluntary Deductions from Worker's Wages at Source

The recent family-budget studies of industrial workers in some States reveal two striking trends, viz., (*i*) the lack of any saving measures by the class as such, and (*ii*) the growing tendency to spend on entertainments and luxuries. By and large, the habits, attitudes and social environment of workers discourage them for practising thrift with cash in hand. Savings habit should, therefore, be encouraged among them in a planned basis. This will have both positive as well as negative advantages. On the one hand they will be making contribution to the national investible fund, and, on the other hand, they will save themselves from unproductive expenditure usually resorted to on pay days.

A system of collecting Small Savings on worker's pay days may be started. Such a scheme has already been started by the Uttar Pradesh Government. Of course, this has to be purely voluntary and only those persons who consent to deductions should join the scheme. Since PAYEE collections in the form of Provident Fund and Employees State Insurance contributions are already being made, the deductions should not prove burdensome. Such a scheme should at best be regarded as an introduction to the savings habit among wage-earners and the initial deductions should, therefore, be small, say, 4 annas. If deductions are made before disbursement of wages, tokens or certificates graded for value must be issued to reassure labourers by concrete, calculable evidence that their savings are safe and growing in Government custody.

Savings Stamps of the value deducted may be pasted on the card maintained in the name of individual wage-earners. Metal token might be preferred as more durable and easier to handle and stock. Proper accounts have to be maintained in the factory office so that repayment or partial withdrawal out of other savings is not dependent on possession of tokens and is never refused if these are reported lost. Wherever

possible, the labour union should be entrusted with the custody of the cards on which Savings Stamps are posted. Steps have also to be devised to facilitate encashment of stamps or certificates.

Management, trade union and other labour unions should be persuaded to extend their co-operation in initiating such a scheme.

The Government of Bombay has amended the Payment of Wages Act in 1953. A proviso has been added to Section 6 of the Payment of Wages Act, which states that "when the amount of any bonus payable to an employed person exceeds the amount equal to one-fourth of his earnings (exclusive of dearness allowance) for the year to which the bonus relates, such excess shall be paid or invested in the manner prescribed." Under rule 8A, it has been provided that the excess amount of the bonus shall be paid to him in the form of 12 Years National Savings Certificates of rupees 5, 10 or higher denomination. A further amendment to the Rules so as to provide for investment in the National Plan Certificates is also being considered.

For deduction at source of contributions to Small Savings from regular salary or from bonus of less than three months, voluntarily agreed to by the employees, an amendment to the Payment of Wages Act will be necessary.

Utilisation of Worker's Compensation and Bonus Money

If the Workmen's Compensation Commissioner is given directive to purchase National Savings Certificates on behalf of the injured workmen or deceased workmen's dependents, it will be beneficial both to the holder as well as to the State. For example, if a workman dies, and the widow gets Rs. 3,000 as compensation, the Commissioner may pay Rs. 1,500 in cash to meet immediate demands and keep National Savings Certificate of the remaining Rs. 1,500 on behalf of the female minors to help the family at the time of marriage and other exigencies. Moreover, the amount paid by the companies for compensation remaining unpaid for years for want of claimant may also be converted into National Savings Certificates and kept in custody of the Compensation Commissioner.

Finally, collieries and factories pay bonus to the employees. If the bonus of a quarter for a labourer or officer, as the case may be, is paid in the shape of National Savings Certificates, both the individual and the country would be benefited. The bonus is a gift for higher production or regular attendance and it will not be difficult to persuade the receiver of such gift, through labour leaders, to invest part of it in National Savings Certificates.

Utilisation of Special Occasions like the Birth of a Child, Marriage, etc.

The Committee is of the opinion that the birth of a child or the occasion of marriage in the family can be utilised for getting contributions to the Small Savings Fund.

In respect of child-birth, for example, it is estimated that if savings are collected at the minimum rate of Rs. 5 per child born, for 80 per cent of the total average child-births of 68.32 lakhs per annum, a sum of about 68.33 lakhs could be collected as savings per annum. This is a moderate estimate, since the rate taken for calculation is low and 20 per cent allowance is made for poor individuals or families which can hardly make any contribution to the Savings Fund.

Though information regarding the census of marriages performed per annum is lacking, the experience of many a social worker testifies to the fact that a considerable portion of the extravagant expenditure incurred on such occasions could similiarly be channelised into Savings Fund through a more intensive popularisation of National Savings Certificates and making them suitable objects of gift.

National Savings Certificates could be brought into the daily life of the people to make it the pivot of their joys and hopes. Though even now there is nothing to prevent anybody from choosing National Savings Certificates as gift for any occasion, the idea has to be popularised by educating the people in their utility and facility Moreover, there are no attractive gift covers in colourful designs and the shoddy, indifferent look of postal scripts is easily confused with laundry bills. While welcoming the Government's latest proposal to issue attractive gift coupons of various denominations, the Committee makes the following suggestions for utilising the special occasions of family celebrations:

(*i*) As soon as a child is born, National Savings Workers should approach the parents and persuade them to purchase some Savings Certificates so as to provide for the future education, marriage, etc., of the new-born.

(*ii*) Separate Gift Certificates in the form of ornamental scrolls mounted in colour with ceremonial designs should be introduced in various denominations suiting the rich and poor alike.

(*iii*) Rules should be modified to permit issue of Gift Certificates within limit on the signature of the giver.

(*iv*) A separate attractive, important-looking special series of certificates should be introduced to transfer cash presents received by children on their birthdays or by brides at marriage to National Savings.

Intensified Savings Drive in Special Areas

Savings Drive should be particularly intensified in the following rural areas:

(*i*) Areas freshly irrigated by Government works;

(*ii*) Virgin soils brought under cultivation by Government efforts;

(*iii*) Prosperous belts of cash or commercial crops;

(*iv*) Dairy areas;

(*v*) Areas where monetary transactions are brisk.

Distribution of Saving Boxes

Placing of 'Saving Boxes' in houses, schools, hostels, etc., is also recommended. Saving boxes are ideally suited for individual and co-operative savings. Such boxes in millions should be distributed by the National Savings Organisation at various levels, and officers of the organisation should pay a monthly visit to every household, school or hostel to collect the accumulated savings in exchange of Savings Certificates or stamps of the same value. Besides being a potent instrument of creating the habit of thrift among the people and children, this would ensure that intimate

personal contact which is so very essential for making the Small Savings Campaign a success.

Earmarking of Zonal Proceeds for Local Development

The greater part of the Small Savings potential of the community is latent in the rural areas. To mop up these savings, some inducement, apart from liquidity, safety and appropriate rate of interest, may have to be offered. Like the new taxation measures, the people often judge the value of Small Savings Schemes in relation to the corresponding benefit which they can secure from the immediate sacrifice which they undergo by foregoing the use of their incomes. If savings do not result in bringing any tangible advantage or benefit through investment projects, the people tend to show indifference towards Savings Campaign. The All India Rural Credit Survey Committee, therefore, felt the need for arousing local interest and enthusiasm and to that end recommended earmarking of zonal proceeds for local development works.

Each rural area has its own economic problems which have to be met. If the people are assured that while preserving perfect liquidity of their savings, the proceeds will be employed for local development, they would probably be more enthusiastic than they would be if national development was placed before them as the basic objective. The Committee, therefore, endorses the Rural Survey Committee's view. It feels that the direct relation of savings and investments, instead of the indirect relation via the capital market, will educate the potential savers, through examples as to the need for savings in the economic development of a country. Local funds invested in remote places via the market mechanism will fail to arouse local interest, for the majority of people are illiterate and are afraid of losing their hard-earned money through hazardous investments in distant places.

Earmarking of zonal proceeds for local development projects will have the following advantages:

(*i*) Opportunity for local people to observe and watch the investment of Small Savings in and around their villages.

(*ii*) There will be a correlationship between the local requirements and the mobilisation of investible

capital leading to a lively link between the tempo of capital formation and investment plans.

(*iii*) It will provide an opportunity to the local people of reaping the benefits of the locally financed projects in a shorter time and nearer their own homes.

The Government of India, as a special case, decided that the collections made under Small Savings Scheme in Rajasthan and Madhya Bharat would be made available to the two States for the Chambal Project. This has enabled the State Governments to make intensive collections in the districts that are to benefit from the Chambal Project. So much so that it was decided that one-third of the betterment fee to be raised from the agriculturists of the area commanded by the Chambal Project be invested in advance in the National Savings Certificates.

In Uttar Pradesh, there has been a persistent demand from District Officers to the effect that Government should announce that savings will be earmarked for local development projects.

This kind of direct linking up of local savings with local minor projects will give a great incentive to the local population, and the Committee, therefore, recommends that this policy should be accepted on an ever increasing scale.

A Deferred Pay Scheme

A Deferred Pay Scheme may be evolved by which the people's savings in Second Five-Year Plan may be released for spending in five annual instalments during the Third Five-Year Plan. Such a Scheme will encourage savings to a larger extent as it would change the psychology of the masses towards savings by giving them a feeling that their savings would be handed back to them during the next five years with additional interest. Besides, the payment of the savings in annual instalments would correlate increased consumption with past savings; it will not also cause a spiral of rising prices as the production capacity of the nation in various fields of economic activities would increase *pari passu* with released spending power. In the Third Five-Year Plan, people would save money to a larger extent when they would realise that their savings during the Second Five-Year Plan are conveniently handed

back to them. Psychology plays a very important role in such matters and the Deferred Pay Scheme would catch the attention of the masses by combining saving and spending. Such a system will also make Savings Scheme as an integral part of all successive Plans by co-ordinating Savings and Investment. The Committee, therefore, recommends a Deferred Pay Scheme as an indirect method of mobilising additional savings.

Small Savings Campaign in Community Projects and National Extension Service Areas

Areas which have been covered by the Community Projects and National Extension Service offer a very favourable field where Small Savings Campaign can be intensified with greater success. Implementation of development schemes in these areas has brought about a psychological change among the local people. Their village economy has received the impact of development projects and they have started regarding the projects as their 'own.' Agricultural production has registered a rise in these areas as a result of development activities. Improved transport facilities provide wider opportunities of profitable marketing of agricultural produce. Although accurate data about the changes in the per capita income in development blocks are not available, first hand observation of general conditions of the people indicates a rise in their income. It is, therefore, essential to persuade the people to spare a part of this increased income for national development.

There is one more factor in favour of intensifying the Campaign in development blocks. Here local projects can be easily linked with the Savings Campaign. The people in such areas are more development minded and they would be more willing to participate in providing finance for the execution of various schemes. It is, therefore, suggested that special efforts should be made to mobilise Small Savings in the Community Projects and National Extension Service areas. The following measures should be adopted for promoting the Small Savings Movement in these areas:

1. Sub-committees of Block Advisory Committees may be constituted specially for the Small Savings Movement, and suitable non-officials may be nominated to these sub-committees.

2. There should be a liaison between the District Planning Committees and the District Savings Committees.

3. Every development block should have a post office savings bank to facilitate the issue of Savings Certificates.

4. The village level workers should be given some training of Small Savings work either through a series of lectures or by including the Schemes in regular curriculum.

5. The various aids of publicity and propaganda available in the block should be used for giving publicity to the Savings Movement.

6. The Block Development Officers should be asked to include in their quarterly reports the progress of collections made under the Small Savings Campaign.

7. 'Savings Groups' should be formed among the workers, technical and clerical staff, school children, welfare or cultural centres, Village Panchayats, etc., in the development block.

Priority should be accorded to those special projects for which people have collected Small Savings.

Small Savings and Prohibition

Since the Government have now accepted prohibition as a national policy, the area under prohibition will expand considerably as the years go by. The Prohibition Enquiry Committee (1955) has estimated that purchasing power to the tune of Rs. 140 crores annually will be released by prohibition being introduced throughout the Indian Union. A large proportion of this extra purchasing power can be diverted every year to useful and productive channels, particularly to Small Savings Schemes.

The Committee, therefore, strongly recommends that Small Savings work should be linked up with the prohibition drive and intensive efforts should be made in the dry areas for diverting part of the money into post office savings banks, National Savings Certificates and "home *hundis*" (Home *hundis* are kept in the homes of ex-addicts to facilitate Small Savings). Small Saving thus mobilised will not only add to the national pool of investible capital but will also facilitate

the enforcement of prohibition from fiscal point of view. The staff connected with the prohibition drive should, therefore, be instructed to help the savings drive. With a view to study the impact of prohibition on people's savings habit and the changes in the pattern of expenditure, research projects should be instituted in certain typical areas.

Prevention of Conspicuous and Wasteful Expenditure

Savings and conspicuous or wasteful expenditure go ill together in a planned economy. The self-denial and effort by the lower strata of the community can only be justified if conspicuous expenditure by the more well-to-do classes is simultaneously checked. Conspicuous expenditure by a few persons also serves to dissipate the habit of thrift in others who follow suit in some measure.

Some examples of *conspicuous expenditure* which have no social sanction are: maintenance of a number of bungalows by rich persons at different places in the country, or in the same city or town; maintenance of a number of cars even when a lesser number can serve the purpose; dinners and parties with pomp and show just to gain social status; expenditure on market lotteries and crossword puzzles; grand and expensive receptions accorded to political leaders, for foundation stone laying and opening ceremonies, inaugural functions, etc., which could be organised in an atmosphere of sobriety, sanctity and dedication. The *wasteful expenditure* is that expenditure which is incurred to observe purely social customs and traditions, such as at the time of festivals, harvests, marriages, naming ceremony of child, and such other rituals. The unproductive investment in gold ornaments is another form of wasteful expenditure in the rural areas.

Then again, audit reports and reports of Statutory Committees, like the Estimates Committee and Public Accounts Committee, invariably reveal numerous cases involving waste and extravagance in public expenditure amounting to lakhs of rupees. The maintenance of staff cars, the tendency to send a telegram where a letter could serve the purpose or to put in a trunk call where a telegram should be availed of, public entertainments, etc., are only a few examples of abuse of public funds. Unless these are simultaneously checked, people could not possibly be persuaded to check wasteful expenditure.

While pruning down of additional purchasing power of the population through forced saving and high taxation appear to be the surest remedy for scaling down conspicuous and wasteful expenditure, the Committee is aware of the inhibitions such compulsory measures might give rise to. The prevention of wasteful expenditure presents mainly a social problem which can be tackled only through intense canvassing by social workers.

The Committee, therefore, favours the creation of social checks rather than direct legal action, and recommends the following measures:

(*i*) The Panchayats and other organisations in the rural areas should, through education, persuasion and propaganda, discourage unjudicious expenditure on marriage and other domestic, social, religious and funeral ceremonies, and on evil habits like drinking, gambling and unnecessary litigation. The social welfare authorities should also impress leaders of the various caste and social institutions about the evils of extravagant expenditure and should implore them to participate in nation-building activities by encouraging thrift and saving habit among their members. Once a change in social outlook is thus effected, wasteful expenditure can very well be expected to recede gradually.

(*ii*) Government Departments should set an example and show the way by shedding off superfluity, extravagance and waste in their expenditure and making the savings available for purposes of the Plan.

CHAPTER VI

ORGANISATIONAL MACHINERY

NATIONAL Savings needs a dynamic sales policy adapted continuously to the developing needs of a growing economy. Flexible planning is, therefore, essential so that collection and campaign could always be mutually adjusted at the optimum level. Experience, however, shows that the rigidity of official procedure generally makes this impossible. While the present official machinery needs to be thoroughly streamlined, the Savings Movement has to be released from the strait-jacket of departmental control so as to ensure better co-ordination, unity of policy and speedier action. The Planning Commission has specifically emphasised that the target of 100 crores of Small Savings a year during the Second Plan period could only be reached through more intensive following up to the district and sub-district levels reaching down to every family in the village. This would require a strengthening of the organisational net-work at the various levels, including a permanent central committee to continuously study the problems of Small Savings and advise the various official and non-official organisations. The Committee, therefore, recommends the setting up of the following organisational machinery at the various levels:

The Village Savings Sub-Committees

The Village Savings Sub-Committee, comprising of the local Panchayat, a member of the savings workers and some influential local citizen, should form the base of the organisation. The Sub-Committee will have to discharge the following functions:

(i) to conduct the community meetings and hold propaganda demonstrations through different media supplied by District Committee ;

(ii) to help the savings workers and institutions to maintain continuous touch with the public ; and

(iii) to keep proper check on the amounts collected and passed on to savings administering agency.

District Savings Committees

To co-ordinate the activities of the village level workers and institutions and with a view to avoid the duplication of work, District Savings Committees should be set up. In the context of our democratic planning, such Committees would help combine official initiative and non-official enterprise. Moreover, they could also create local interest and secure public co-operation, besides providing the District Savings Organiser proper background for his work. The Committee should organise publicity and public relations, help investors, improve postal salesmanship, recruit agents and also guide the work of urban and village savings workers and agents and form Village Savings Sub-Committees, wherever necessary, and guide and advise them. This Committee should be required to meet once a month and should be asked to send a report every quarter to the State Council reviewing the position.

State Savings Councils

At State level, there should be an organisation which should co-ordinate the efforts of each district and diffuse the information collected which is more beneficial for the Savings Movement. The method adopted in one district which has proved useful may be given out to other districts for follow up. The formation of State Savings Council to serve as apex body of the organisation is, therefore, recommended.

The functions of the State Savings Councils will be (*i*) to supervise the work being carried out by the District Committees; (*ii*) to guide them in the solution of various difficulties; (*iii*) to organise exhibition and preparation of documentaries, papers or booklets, and the dissemination of information about the importance of savings vis-a-vis the Plan through charts, pictograms, etc. ; (*iv*) to consider the problems as they arise, as for example in respect of the conversion of bonds with ease and facility; (*v*) to consider problems arising due to lack of response from the public; (*vi*) to co-ordinate the savings collection work with the governmental administrative machinery; (*vii*) to organise and advise the Savings Drive in the various areas; and (*viii*) to fix savings targets for districts.

The State Councils should work in close liaison with the State planning authorities and adjust and guide the Savings Campaign in accordance with the Plan requirements from year to year.

The State Council should meet at least once in three months.

Composition of Membership

The organization recommended above can play its useful role only if it possesses broad representative base. In fact, this is most essential in democratic planning, and this can very well be achieved by giving proper representation to non-officials engaged in different occupations and professions, the unions of the wage-earners, the social welfare institutions, Panchayats, savings workers and official savings administrative agencies. While non-officials serving on State and District Comittees would help remove inhibitions in public mind, which sometimes prevent suitable emotional response, a proper weightage conceded to different sectors of population will give the organisation a popular character and a representative tinge.

The Committee, therefore, recommends that the standard composition of the District Committee should be representatives of the Executive Administration, the Post and Telegraph Departments, Education, Publicity and Development Departments, District Panchayat Officers, labour and business interests, welfare organisations, the co-operative organisations and Legislators of the area. Similarly, the State Council should comprise of the Chief Minister as the Chairman, the Development Commissioner, the head of the Panchayat Department and some non-official members.

Provision of Finance

For the proper functioning of the organisation, the necessary funds should be made available by the State and Central Governments to meet the recurring expenses incurred on account of the propaganda machinery, travelling allowances, honorarium of social workers and other contingencies. The salaries of savings workers devoting full time to the Savings Drive will also have to be met. Generous allocation of resources should, therefore, be made by the State and Central Governments to meet the above mentioned organisational expenses.

Central Advisory Committee

At the Centre, there should be a separate permanent Advisory Committee for continuous study of methods adopted

in other countries and to advise the different organisations, official and non-official, at the State and district levels. This Central Advisory Committee should consist of representatives of State organisations, experienced economists, social workers, prominent members of Parliament and one or two sociologists or psychologists. The functions of the Committee will be: (*i*) to co-ordinate the activities of various State Councils; (*ii*) to supervise and guide them in their work; (*iii*) to consider and formulate the policies regarding the rate and size of the savings to be mobilised; (*iv*) to keep observation on the savings trends in consonance with the planned investment requirements; (*v*) to consider and advise about the rate of interest on Savings Bonds in accordance with the banking and monetary policies of the Government; (*vi*) to consider and advise on the matters—whether legal, institutional or structural—affecting the Savings Drive; (*vii*) to undertake the studies relating to mobilisation of resources of small savers from the point of stability of income, consumption and expenditure patterns and with a view to recommend suitable measures for appropriating the portion of incomes as savings; (*viii*) to keep liaison relations with other savings institutions such as Postal Savings Banks, insurance companies, co-operative savings societies, banking organisation in the rural and urban areas, etc.; and (*ix*) to fix savings targets for different States for each year.

There should be regular meetings of representatives of State organisations to exchange views on the subject and to understand the proper background for work in the respective areas.

Department of Small Savings at the AICC and PCCs

The Committee also recommends that there should be a separate department to study continuously the problems connected with Small Savings both at the AICC office and the various PCCs. This would enable Congressmen to contact the masses frequently and have a first hand knowledge of their problems.

CHAPTER VII

SMALL SAVINGS, PANCHAYATS AND NON-OFFICIAL ORGANISATIONS

The organisational machinery suggested in the previous chapter has the object of releasing the Savings Movement from the strait-jacket of departmental control so as to ensure better co-ordination, unity of policy and speedier action. The task of rousing mass enthusiasm nevertheless remains. In fact, an efficient organisational machinery and mass enthusiasm will act and react upon each other and start a chain reaction which can prove highly beneficial for the Savings Movement.

An efficient organisational machinery, however, cannot be a substitute for concerted non-official attempts to rouse mass enthusiasm for the Savings Movement. For this, a regular campaign has to be conducted among the people. Such a campaign will be effective to the extent it succeeds in explaining to the masses the achievements of the First Plan, the targets for the Second Plan, and the energetic steps being taken to ensure its successful implementation. The patriotic appeal would be that every citizen of the motherland has to be a partner in building up new India.

In this context, the Village Panchayats and the non-official organisations like the Bharat Sevak Samaj, the National Cadet Corps, the Women's Organisations, etc., can play a most important role.

The Village Panchayat institution has made rapid strides during the last few years. They now cover nearly 3 lakhs of our villages. In different States, they are at different levels of development. In some States they have achieved encouraging success. Wherever the Panchayats are free from local factional disputes and serve the people selflessly, they earn the confidence and trust of the villagers. Any move supported by the Panchayats gets the immediate backing of the village populace. In fact, we can approach the humblest agricultural labourer and make him contribute to Small Savings only through the active support of the growing Village Panchayats, which are expected to cover all the villages of India by 1958.

In the previous chapter we have indicated the place of Panchayats in the Village Savings Committee. That is so far as the organisational machinery is concerned. The association of the Panchayat with the Village Savings Committee will ensure its success. But the field of Panchayat work in relation to Small Savings has to be much more than this. The Panchayats, by and large, should be made mainly responsible for propaganda work in the villages in relation to Small Savings. They must become the vehicle for transmitting to the villagers information regarding the successes of the First Plan and the proposals of the Second Plan. In more concrete terms, they must explain to the people the benefits accruing from local works. To the simple villager in the far away village, the Panchayat must carry the message of the inter-dependence of the various parts of India and the march of the people all over the farflung country towards better life and prosperity. To the extent this consciousness becomes real in the minds of the people, to that extent their support to the Savings Campaign would become enthusiastic and significant.

It follows from the above that the Village Panchayats must in turn be equipped to carry the Savings Campaign. In other words, the Panches and Sarpanches of Panchayats have to be trained in the art of propaganda and the details of the Savings Scheme. As it is, the various State Governments conduct training camps from time to time for the training of Panches and Sarpanches. The question of Small Savings, related to the needs and requirements of the Second Plan, should be a compulsory item in the training courses of these camps.

We would like to emphasise that the co-operation of the Village Panchayats, its officials, staff, etc., should be secured through patient explanation and not by executive orders. Any State Government can order the Panchayat Secretaries, for example, to become commissioned agents for Small Savings. In that case, they would be required to compulsorily furnish cash securities, which may well be beyond their means. In fact, in some States where the Panchayat Secretaries were so directed, difficulties have arisen. Further, in case an individual is made an agent, and he is likely to earn commission, the collective interest of the Village Panchayat and the village community may cease. It would, therefore, be advisable to entrust such responsibilities to the Panchayat as a whole. It would be an added incentive to these village bodies since

short as they are for funds, they will see in it a way to augment their resources and take keen interest.

The importance of securing the co-operation of non-official organisations cannot be over-emphasised. The work of Small Savings is in fact a non-political issue, and it should get the co-operation of all. But then it is not for the Committee to decide about the attitudes of the parties. Fortunately, however, we have now a number of non-political organisations working solely for social good and upliftment. The Bharat Sevak Samaj, the Gandhi Smarak Organisations, the Social Welfare Board and Leagues, the Kasturba Gandhi Organisations, the National Cadet Corps, among many others, have been doing much useful work during these years. They should be associated with Small Savings Work at all levels. Their association will enable the spread of the Movement to larger and larger sectors of the population and will prove highly beneficial for the Movement.

In the matter of Panchayats, as also in relation to non-official organisations, apart from indicating the above broad approach, the Committee would not like to lay down any rigid rules. These, the Committee feels, should be left to the different States. Each State should be free to evolve its own technique and mechanism.

CHAPTER VIII

TRAINING OF WORKERS

A WELL-INFORMED and trained savings worker will render a better service than the untrained one who can neither talk to the people nor enjoy their confidence. It is, therefore, imperative that all national savings workers, including agents, should undergo a proper course of training. Training should be directed to acquaint the worker with actual work and to a study of the economic habits and conditions of the people of the area where work is to be done. The special training that the contact men and public relations personnel of the National Savings Movement should get is about how the Small Savings Scheme works, the details of terms and conditions of the various securities and their comparison with other available investments. Above all, they require training in patience which is very essential in the intractable field of Small Savings where results are painfully slow to show. The primary difficulty of workers will be the ignorance of the masses of the savings problems. It will be the duty of the worker to remove various apprehensions regarding the Savings Schemes and to make them willing partners in nation building activities by inducing them to sacrifice the immediate use of their monetary resources. In other words, every savings worker must possess the tact to manoeuvre the delicate attitudes of the public and make them thrift-conscious.

Workers apart, it would also help the savings executives to have some knowledge of public economics, planning methods and objectives, banking principles, effects of price changes, economics of public debt, etc.

While the training facilities at present available to salaried Government employees connected with the Savings Movement are satisfactory, the Committee recommends the following measures for the training of authorised agents and such others as might volunteer their services to the National Savings Movement:

The refresher courses for a period of four to six weeks, on the lines of the courses that are conducted for the

social workers of the Community Project Blocks, should be organised for the national savings workers.

The curriculum should be the following:

(1) The importance of savings in under-developed economy;

(2) The size and rate of savings in India;

(3) Second Plan vis-a-vis savings;

(4) The investment projects and their benefits;

(5) The various Small Savings Schemes of the Government, their terms, conditions and facilities as compared to other available investments;

(6) Training in approach towards human psychology; and

(7) Savings institutions.

In these courses, emphasis should also be placed on acquainting the workers with income levels of the various sectors of population and the expenditure pattern. Such a course will enable the worker to approach the individual and family earning units with confidence. To start with, the training of savings workers should be arranged in the Regional or District Offices of the National Savings Organisation. Authorised agents do even now get an initial campaign talk and general instructions at these offices. A full course as recommended above would equip them better. Refresher courses should be organised from time to time, at least once a year.

It is not necessary that the National Savings Organisation should have a separate instutition to train its staff; advantage should, as far as possible, be taken of the Co-operative Training Schemes, the Bankers' Colleges as well as of Training Institute for Life Insurance which now under public management would be helping the drive for Small Savings. Officers of the Savings Movment should attend short courses successively at each of these Institutes. When workers of various departments are thrown together in training, they bring to each

other the freshness of their separate experiences. It would help all of them to be together for some time in the informal and stimulating academic atmosphere, sharing ideas and exchanging experience. Cross fertilization of ideas, experience and system would greatly help the success of the integrated financial control which Government now strives to establish.

CHAPTER IX

ROLE OF PUBLICITY

IN a backward economy, where capital is difficult to form and habits and customs are unfavourable to savings, what we need is effective appeal to every citizen through every powerful media of modern publicity. Our task is to overcome popular indifference and mass inertia and to create real national enthusiasm and investment fervour. Publicity has to be linked up with the patriotic feeling of the people. It has to be emphasised that National Savings enriches the individual, increases the prosperity of the nation and develops its economic strength. In short, we have to educate the people to a sense of economic responsibility to the State, so that results could be built up by voluntary reactions of individual citizens who had absorbed in their sub-conscious the message of Small Savings and thus had their reflexes properly conditioned.

The present Small Savings Campaign suffers from the following shortcomings:

(*i*) The centralisation of savings organisation conducted at present by the official administrative agency.

(*ii*) The disproportionate concentration of propaganda in urban areas as compared to rural areas.

(*iii*) Lack of educative type of propaganda in rural areas.

(*iv*) Absence of machinery to maintain contacts with the professional, occupational and wage-earning classes.

(*v*) Lack of enthusiasm and initiative in conducting the Savings Drive.

(*vi*) Lack of re-orientated approach towards Savings Campaign.

(*vii*) Lack of co-ordination between the Small Savings Campaign and other savings institutions.

(*viii*) Lack of any special Savings Drive in areas of brisk monetary transactions.

The Committee recommends the following measures for ensuring a more vigorous and effective publicity campaign:

Documentary Films: Ordinary people at a lower level of education and sensibility who remain untouched by or unresponsive to press advertisements, pamphlets and posters, could be swayed by the audio-visual appeal of the film. Feature films dealing with family emergencies can be produced with a view to making the people aware of the dark days of life. The prospects of the Small Savings Fund can be held out as a message of hope. Such films can go a long way towards creating the necessary psychological perspective for a successful Savings Campaign.

(*i*) For the rural areas particularly, only quicks or shorts, running 5 to 20 minutes, using cartoons, stories, news or documentary appeal, are recommended. These should be arranged by the District Savings Organisers or the District Publicity Officers with the help of the State Publicity Department and the Planning Commission Publicity Units, both of whom possess mobile equipments. (*ii*) For the urban audience, news review imaginatively projecting the progress of the Small Savings Drive is recommended.

Radio Talks and Dramas: In the U.K., the B.B.C. serves the National Savings Movement well by arranging regular programmes, like the recent series of talks entitled "Money Matters", in which economists, bankers, politicians and professors participated. All talks were in the intimate conversational style and material was drawn from daily experience shared by citizens. A similar series of talks should be initiated by the All India Radio. However, scripts should be imaginative and speakers must possess proper Radio voice and ability to deliver economic discourses with the warmth of the spoken words.

The A.I.R. should regularly feature news of the progress of National Savings under the Radio's local news review.

Publicity of Small Savings through the use of music and simple dramas should form a regular feature of industrial, rural and school broadcasts.

Pamphlets and Literature: Pamphlets and literature in the different regional languages, giving details of the Small Savings Schemes, advantages of investing in them as compared to other investment outlets, financial requirments of the Plan and peoples' role in filling the gap in resources, etc., should be issued. The language should be simple and lucid. There should also be suitable literature for the village level worker in Community Project areas.

Newspapers, Posters, Mobile Vans, etc.: Apart from newspaper advertisements which must be raised above the timid and half-hearted efforts of past years, there should be extensive visual appeals organised through outdoor displays, posters, bill-boards, wayside signs on all highways and near crowded centres, electric signs and enamelled displays at railway stations. Special arrangement for such visual publicity should be made in market places and fairs. Savings Campaign through mobile vans has to be a part of an integrated publicity programme, especially in areas where monetary transactions are brisk.

Community Meetings and Study Groups: District Savings Organisers and Publicity Officers should also arrange small community meetings, study groups, and discussion forums to discuss the value of community savings. Leaders and officials conversant with Small Savings Schemes should be invited to speak in such meetings. Such study groups and community forums should also be arranged for popularising the development projects under the Five-Year Plan.

Exhibitions: Exhibition of colour charts and graphs showing the levels and trends of Small Savings in different foreign countries as compared to our own is also recommended. Such exhibitions would be very helpful in appealing to the patriotic feelings of our people and thereby make them save and invest in National Savings Schemes.

Personal Canvassing: Finally, personal approach as publicity follow-up is necessary where people are not sufficiently responsive to advertising. Personal approach by a large army of authorised agents and voluntary workers on a door to door basis should be organised. The facilities for such workers have to be improved. Incentives in the form of

commission, rewards or merit certificates for them are, therfore, recommended.

Role of Congressmen and P.C.Cs: The Committee also recommends that the A.I.C.C. should issue a directive to all the Pradesh Congress Committees to arrange to observe the Savings Fortnight once a year. It should be the duty of every Congressman to propagate the message of savings and also to secure investment during this fortnight.

Women's Savings Campaign: The Women's Savings Campaign has so far been restricted to urban areas and to the more well-to-do classes. The Campaign has to be extended to rural areas as well where the conservative outlook of women has a direct bearing on the size and mode of savings. Rural women are apt to be charmed by the security which gold offers. Special efforts are, therefore, necessary to discourage the habit of hoarding as also to reorientate their approach towards readjusting expenditure with family income by economising the unessential expenditure, wherever possible. An approach by women workers to each individual woman in the rural areas is likely to be most effective. Womens' organisations, both in rural and urban areas, should undertake door to door canvassing, explaining to the housewives the objects of the National Savings Schemes and benefits afforded by them. Housewives should be told that they must build up ampler life and substantial means by steady practice of 'thrift'.

(*Sd.*) *G. B. Pant*
(,,) *K. N. Katju*
(,,) *Jagjivan Ram*
(,,) *Gulzari Lal Nanda*
(,,) *Pratap Singh Kairon*
(,,) *S. K. Patil*
(,,) *Gurumukh Singh Musafir*
(,,) *Indira Gandhi*
(,,) *Bhimsen Sachar*
(,,) *Shriman Narayan*

New Delhi, May 21, 1956

CHAPTER IX

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Approach and Objective

1. The enthusiasm and the widespread participation which have gone into the making of the Second Five-Year Plan are the best augury for a successful Small Savings Drive.

2. Through peaceful and non-violent means we are resolved to succeed in our fight against poverty, ignorance and other social ailments so that a healthy society on the Socialist pattern may be finally established in this ancient land. Our path is clear. We march forward with the willing co-operation of the people avoiding the ways of violence and class conflict. The success of our experiment in planning in India may prove helpful to other underdeveloped countries which are engaged in similar tasks. This conciousness should strengthen us in our efforts for the Small Savings Drive.

3. The remarkable fact about raising resources for the Second Plan through Small Savings is that it suffers from none of the limiting factors which are attendant upon all other sources for the purpose. There can be no limit to the capacity of the people to save subject to satisfaction of their primary needs.

4. Small Savings Drive must be launched as a great nation-wide patriotic campaign. We have to approach the people and touch the vital source of energy, the hearts of the people.

Savings Potential

5. There has been a substantial rise in real national product in the course of the last few years. The per capita income has also gone up.

6. At present only 3 per cent or a little more of the national income is saved for re-investment. This percentage is low and must be raised for successful implementation of the development plans.

7. The rising trend of collections show that enormous potential funds are lying unharnessed. There is a great scope, particularly in the rural areas, for investment of surplus money for productive use. Success here would lead to a continuous circle of national prosperity, viz., of the greater amount saved, investment of the savings in productive works, increase thereby of the national income, more resultant savings and more investment, and so on.

8. Only a vague estimate of the savings potential of the community is possible. The agricultural labourers at the lowest rung have an average annual per capita income of Rs. 104. They can pay one rupee to the Savings Fund. The cultivators of owned and unowned land can be expected to pay a higher amount graded higher and higher on the basis of the size of holdings cultivated by them. Persons in secondary and tertiary occupations in the cities can pay higher amounts. Workers in the cities can also contribute more than the agricultural labourers. These calculations, which merit investigation, should be undertaken by expert bodies and individuals.

9. Savings potential of the community is considerably higher than what has been placed as the target of collections through Small Savings in the Second Plan. The amount fixed can be raised considerably. We have to proceed about the business with a firm will and determination with the fullest faith in our people.

Mobilisation of Savings

10. The existing machinery for mobilising the savings potential of the community has to be strengthened and revitalised. The following measures are recommended:

(*i*) There should be a considerable expansion in the number of available post offices in the rural areas. The ordinary functions of post offices should be distinguished from the function of collecting savings. Procedures should be simplified. Interest rates on postal savings should be raised.

(*ii*) Co-operatives, unitary or multi-purpose, should raise funds from their own members through

loan and deposits rather than depending on local Co-operative Banks or State-aid. State should guarantee the return of advances and deposit liabilities. A portion of the reserve funds, especially of marketing co-operatives, should be invested in National Savings Certificates as an insurance against trade risks. Approved co-operatives should be appointed agents for the sale of National Savings Certificates.

(*ii*) Nationalised Insurance and National Savings should be organized as different wings of the Small Savings Drive extending over to the same areas and people. Premium rate on the policies of small denomination should be lowered.

Policies of Rs. 100 only on easy premium terms should be issued for the rural people and formalities should to be simplified. Small endowment policies should be taken up. Insurance-cum-savings schemes should be evolved for Savings Groups. There should also be business insurance to cover the business risks of small traders, cottage industry producers and retail dealers.

(*iv*) The possibilities of a Central legislation on the lines of the Madras Religious Endowments Act, uniformly applicable to Indian Union, should be explored to mobilise properties of religious institutions now lying unproductive.

(*v*) Voluntary deductions from wage-earners' wages on local pay days should be encouraged. Such deductions should be small and tokens or certificates graded for value should be issued to allay wage-earners' suspicions. Management, trade unions and other labour unions should be taken into confidence before initiating such schemes. The Payment of Wages Act should be suitably amended to make investments in National Savings Schemes as permissible deductions.

(*vi*) A provision should be made in the Provident Fund Rules of Government Departments and private concerns for the investment of a particular proportion of Provident Fund money in National Savings Certificates. Similarly, the Workers' Compensation Commissioner should be given

directive to disburse part of compensation payment to widows of injured or dead workers in National Savings Certificates. Finally, the bonus of a quarter for a labourer or officer should be paid in the shape of National Savings Certificates.

(*vii*) Special occasions, like the birth of a child or marriage in the family, etc., should be utilised for getting contributions to the Small Savings Fund. As soon as a child is born, savings workers should approach the parents and persuade them to purchase Savings Certificates so as to provide for the future education, marriage, etc., of the new-born. Specially designed attractive 'Gift Coupons' should be issued for getting contributions on such occasions.

(*viii*) Conspicuous and wasteful expenditure, both by individuals and Government departments, should be drastically curtailed. There should be a drastic change in the over-all expenditure pattern of the community. Intense canvassing by social workers rather than direct legal action is recommended.

(*ix*) Local funds invested in remote places via the market mechanism fail to arouse local interest. Earmarking of zonal proceeds for local development projects on an ever-broadening measure is, therefore, recommended.

(*x*) A Deferred Pay Scheme should be evolved, whereby the people's savings in the Second Five-Year Plan may be released for spending in five instalments during the Third Five-Year Plan.

(*xi*) While extending Small Savings work in rural areas, the factors of safety, liquidity and secrecy should be given special attention. The Small Savings staff should inspire confidence among rural people towards Small Savings and must also assure them that Savings Certificates would be encashed according to their need and convenience. Special efforts should be made to raise Small Savings from Community Project and National Extension areas.

(*xii*) In dry areas, where prohibition has been or is likely to be enforced, Small Savings Drive should

be linked up with the prohibition programme in order to mop up savings arising out of reduction in the expenditure on drink.

Organisational Machinery

11. While the present official machinery needs to be thoroughly streamlined, the Savings Movement has to be released from the strait-jacket of departmental control so as to ensure better co-ordination, unity of policy and speedier action. The following organisational machinery for the various levels are recommended:

(i) Village Sub-Committees as the base of the organisation.

(*ii*) District Savings Committees to co-ordinate the activities of the vilage local workers and institutions and to avoid the duplication of work.

(*iii*) State Savings Councils as apex body of the organisation to co-ordinate the efforts of each district and to diffuse information.

In the interest of democratic planning, it is essential that the organisational machinery should have a broad representative base. Non-officials engaged in different occupations and professions, the unions of wage-earners, social welfare institutions, Panchayats, savings workers, etc., should be represented in the Committees or Councils at the various levels.

Necessary funds should be made available by the Central and State Governments to meet the recurring expenses of such Committees, such as expenses incurred on account of the propaganda machinery, travelling allowances and honorarium of social workers and other contingencies.

(*iv*) A permanent Advisory Committee at the Centre for continuous study of the problems connected with Small Savings and to advise the different organisations, official and non-official, at the various levels. The Committee should comprise of economists, prominent members of Parliament, Social Workers, representatives of State organisations, etc.

Small Savings and Panchayats

12. An efficient organisational machinery cannot be a substitute for concerted non-official attempts to rouse mass enthusiasm for the Savings Movement.

13. Village Panchayats, which now cover more than 50 per cent of our villages, and are at different levels of development in different States, should be utilised for approaching the humblest citizen in the remotest village.

14. Village Panchayats should be equipped for the job by training the Panches and Surpanches in the art of propaganda, the details of the Savings Schemes and the achievements of the First Plan.

15. Co-operation of Panchayats for Small Savings work should be obtained through patient explanation and not executive orders.

16. Panchayats as a whole should be entrusted with the responsibility and not its individual officers. It would act as an added incentive to these village bodies for augmenting their resources and would obviate personal bickerings.

Training of Workers

17. Refresher courses for a period of four to six weeks for National Savings Workers and Agents should be arranged at the Regional or District offices of he National Savings Organisation. Training should be directed to acquaint the worker with actual work; workers should also know the details of terms and conditions of the Savings Schemes and their special advantages.

18. Savings executives should also undergo a short course in public economics, planning methods and objectives, etc.; advantage should also be taken of the co-operative training schemes.

Publicity

19. There should be effective, nation-wide appeal through all powerful media of modern publicity. Publicity should be linked up with the patriotic feelings of the people. The following measures are recommended for a more vigorous publicity:

(*i*) Feature films dealing with the prospects of Small Savings should be shown.

For the rural areas, short films, running 5 to 20 minutes, using cartoons, stories, news or documentary appeal, should be arranged.

(*ii*) Bright and imaginative scripts dealing with the advantages of Small Savings Schemes should be regularly boadcast by the different centres of the All India Radio. Progress of Small Savings Drive should be regularly featured in Radio's local news review. Publicity of Small Savings Schemes through music and simple dramas should form regular feature of industrial, rural and school broadcasts.

(*iii*) Newspaper advertisement at regular intervals and extensive visual appeals through out-door displays, posters, etc., should be arranged on a bigger scale.

(*iv*) Mobile Savings Vans should form part of an integrated publicity campaign, especially in areas of brisk monetary transactions.

(*v*) Small community meetings, study groups and discussion forums should be arranged by District Organisers with the help of enthusiastic local people. The aim would be to popularise National Savings Schemes as also local development projects.

(*vi*) Suitable literature in all regional languages should be published, both for the public and the village level workers.

(*vii*) Exhibition of colour charts and graphs showing the levels and trends of small savings in foreign countries as compared to our own should also be arranged periodically at different centres.

(*viii*) Personal approach by voluntary workers or authorised agents as publicity follow-up would also be necessary. Incentives to savings workers in the form of commissions, rewards or merit certificates are recommended.

APPENDICES

APPENDIX A

QUESTIONNAIRE

(1) Which sections of the population, in your opinion, in both the urban and rural areas, would be able to contribute to small savings ? What should be the minimum contribution which the sections visualised by you should be asked to contribute ?

(2) Have you personal knowledge of any specific area in your district where the small savings campaign hitherto launched by the State has been particularly successful ? If so, please give details.

(3) What, in your opinion, would be some of the effective ways of appealing to the people to induce them to contribute to small savings ?

(4) The Rural Credit Survey Report has pointed out that additional savings could be strengthened by arousing local interest and enthusiasm. It has been pointed out that people will be encouraged to save and invest if funds raised through such savings are earmarked for local development projects. What are your views in this regard ?

(5) What would you consider to be a suitable organisation at the State and District levels to advise as to the proper method of raising money ? Also what would you consider to be a suitable organisation at the Centre level to advise and guide the campaign for small savings ?

(6) Do you agree that small savings could be greatly increased if savings fund could be insured and guaranteed ? If so, kindly concretise your ideas.

(7) What do you think would be the most effective way of spreading the savings habit among women, specially in the rural areas ?

(8) What would be your suggestions for utilising the medium of films for intensification of the savings campaign ?

(9) How would you like the Radio to be utilised to encourage savings habit among the people ?

(10) It has been suggested that instead of paper coupons, as at present, a metallic token may be issued to those who contribute to small savings. What would be your comments upon the suggestion ?

(11) Will you be in favour of spreading the saving habit among wage-earners by deducting a certain amount from their wages on local pay days, at the source, and giving them metallic tokens of the value deducted ?

(12) It has been suggested that a strengthened organisational network in areas and places where monetary transactions (e.g., the village *mandis* after harvests) are brisk would contribute largely to intensification of the savings campaign. Do you agree with the idea ? If so, please indicate the type of organisation which may be best suited for the purpose.

(13) Do you think that temple properties could be made a potential source of savings? Would you be in favour of making a legislation like the Madras Religious Endowments Act uniformly applicable all over India?

(14) What do you think can be the possible role of Mobile Savings Vans and Mobile Banks in mobilising small savings?

(15) Now that Life Insurance Business has been nationalised, how do you think it could be best used for harnessing small savings?

(16) What would you regard as various forms of conspicuous and wasteful expenditure? What are your suggestions for stopping these?

(17) It has been suggested that the birth of a child in the family or the occasion of marriage in the family be utilised for getting contributions to the small savings fund. What do you estimate to be the possible success such a step may achieve?

(18) What do you think to be the defects of the present small savings campaign? Do you agree with the idea that a better popularisation of development plans will yield greater contributions to small savings? What improvements would you suggest in propaganda methods?

(19) What steps do you think should be taken for training of national savings workers?

(20) What, in your opinion, should be done to simplify the present procedures and making investments in savings as easy as, say, purchase of a post card? Please also express yourself on how the withdrawal of deposited amounts may be facilitated?

(21) What do you consider to be the best method for drawing non-official agencies in small savings work? What do you think of the idea of starting a system of certificate of merits, letters, appreciation, prizes for higher savings, etc.?

APPENDIX B

NOTES AND REPLIES TO QUESTIONNAIRE FROM MEMBERS OF THE COMMITTEE

Dr. K. N. KATJU: A NOTE ON SMALL SAVINGS

At the outset, I should like to emphasise one particular aspect of this problem. What we need essentially is the application on the part of the people of their savings for public purposes and for promoting community welfare. If this purpose can be achieved by the people themselves, through their own agencies, so much the better ; if not, then their savings should find their way into the public Treasury to be applied by the Government for public purposes. In the first category comes the advancement and extension of the Co-operative Movement in every sphere of National life. We want the Co-operative Movement to go deep down to the village level, and we want people to become co-operative-minded, and to act through established Co-operative Societies, whether unitary or multi-purpose, to the largest extent possible. These Co-operative Societies require large funds. Money is procured by them through shares which are of very limited amount. The shares are of small value. Every Society at present depends on advances made to it by the local Co-operative Banks and State aid. This is good so far as it goes, but in my opinion, the first aim of such a Society should be to tap local resources. It should make the most strenuous endeavour to raise the requisite funds from its own members through loans and deposits. If once a Co-operative Society, whether agricultural or industrial, is established and people see through their own eye that moneys advanced by them are being applied for the promotion of the community welfare and prosperity, they would come forward eagerly to help. Co-operative Societies, of course, should inspire confidence in the people that the moneys advanced are safe and to create a sense of security, it may be worthwhile for the Co-operative Bank or the State to devise some sort of guarantee for the return of advances and deposits.

If these Co-operative Societies are well financed locally, then I suggest that the object of the Savings Drive is largely fulfilled. A Co-operative Society functioning in a village shall make a direct appeal to the residents of the village, and there would be no money lost in creating an organisation for collecting funds and organising any Savings Drive. This organisational expense is fairly large. I was told that it is as much as 1 per cent in some areas. When we are dealing in crores, the expense may amount to many lakhs, and may be a sum not to be despised.

I favour the point of view formulated in Question No. 4 of the Questionnaire. I have found that an appeal for contribution for any National or District Project in which people are interested is likely to produce satisfactory results. In Madhya Bharat, we were able to arouse great public enthusiasm for the Chambal Project, and when assurances were given in public speeches that all moneys lent through this Small Savings Scheme in Madhya Bharat would be applied towards the implementation of the Chambal Project, the response was very encouraging, not in one year, but through a number of years. People are most interested in bettering their

own condition, and if they are made to feel that they would reap great *benefits directly from moneys lent* by them, they would save and invest. Appeals made generally without any reference to any particular Projects, of local or Provincial interest, are not likely to be very successful.

I would favour the more extensive use of the Post Office Savings Bank agency for collection purposes. People have got faith and trust in Post Offices. They are already widely scattered throughout the countryside. People go there frequently for their own purposes, and every rupee paid there, the people think, would go directly into the Treasury. I would deprecate the use of voluntary Panchayats as a collecting agency on behalf of Government Treasury. If necessary, Savings Bank branches may be opened in the largest number of Post Offices possible.

Extensive propaganda is necessary in the countryside, both by speeches and by films, for popularising the Savings Scheme. Flowery descriptions are not needed ; its merits have to be pointed out in simple language. Our village people are shrewd and possess plenty of commonsense, and if any point is put before them, conducive to their own personal benefit, then they appreciate it readily. The great point about the Savings Scheme, of course, is that you kill two birds with one stone. You promote your own economic stability by your thrift and you also promote community welfare by investment.

There is not much of, what is called, conspicuous expense, on private ceremonies and festivities in the countryside. That is an evil limited to urban areas, among the wealthy sections of the community. Occasions for merry-making in the countryside in private families are few and far between. A wedding in the family may be one such occasion, occurring at intervals of years, and even there, expenses incurred are not very heavy. What I have always suggested is that the gifts made to the daughter or the daughter-in-law should be not entirely in clothes and ornaments, but partly in that shape and partly in the shape of Cash Certificates. This would leave the daughter in possession of certain cash and she will have the option either of having some interest on income, or if she likes, she may invest her money in ornaments.

SARDAR PRATAP SINGH KAIRON: REPLIES TO QUESTIONNAIRE

Q. 1 : We should approach this problem not only from the sectional point of view, but also from the habit of the general mass mind. It is clear that very large amounts could be collected from small contributions from the mass of people, and secondly, savings depend very much not only on the income available to a person, but on a personal attitude and the development of a personal habit to save, which attitude would be found in some members in almost all classes. The drive, therefore, must cover all classes. Nevertheless with special reference to the ability to pay, and taking into consideration the above facts, the position may be analysed as follows :—

(1) **Urban Upper Middle or/and Richer Class:** From the point of view of ability to pay, this class could contribute more. On the other hand, this class is generally aware of all the possibilities for investing money, and in quantum it is doubtful whether the results achieved would be in proportion to the effort needed.

(2) **Urban Middle Class:** This class is careful and most ambitious, particularly regarding education of children. In present economic condition, it is doubtful whether this class could add very much to what it is already saving. But appealed on patriotic basis, they could contribute a whole lot.

(3) **Urban Labour Class:** The practice of investing in small savings does not exist in any large measure. This is no doubt partly due to procedural difficulties, the illiteracy of the personnel concerned, and their general unfortunate experience in regard to delays and red-tape in dealing with Government organisations. It is believed that provided some of these defects could be efficiently removed, though the individual contributions would be small, the development of a habit of saving would produce considerable moneys and amount would be large.

(4) **Rural Shopkeeper Class:** From the point of view of ability to pay, savings should be available from this class but the more prosperous members of this class are interested in expanding business and even in money-lending. Results achieved in these circumstances are not likely to be in proportions to the labour involved. But if we could win over this class, our propaganda would go straight into the homes, for the ladies in the villages visit these shops.

(5) **Rural Smaller Landowner and Tenant Class:** The position in regard to this class seems similar to that of the urban labour class (Item 3 above). Here, however, procedural and organisational difficulties are such that it could be possibly correctly said that they have no confidence at all in certainty of a system which takes their money away and returns it after a period of years. There is no doubt whatever that even though the individual contributions would be very small, the total amount collected, if habit and confidence could be created, would be very considerable.

(6) **Rural Bigger and Richer Landowner Class:** This class is at the moment, somewhat suspicious of Government intentions, in view of land policies. It is doubtful whether very substantial contributions could be expected.

With regard to minimum contributions, which could be asked for, it is most difficult to define, in view of the fact that, as pointed out above, savings depend not so much on absolute amounts of money available with the person as on his attitude of mind and doubt. As a work-a-day basis, the following minimum contributions might be suggested:

Urban Labour Class & Rural Smaller Landowner and Tenant Class	.. Rs. 2/- to 5/- per month.
Urban Middle Class & Rural Shopkeeper Class	.. Rs.10/- to 20/- per month.
Urban Richer Class & Bigger landowner Class	.. Rs.20/- to 50/- per month.

Q. 2: No personal knowledge. The Punjab as a whole has done well in the Small Savings Scheme, and the targets placed for it have been achieved, as given below:

1953-54	3.62 crores
1954-55	3.74 crores
1955-56 (Upto 31.10.55)	3.10 crores.

Q. 3: Three points seem of special importance:

(1) The idea that there is need to make a sacrifice appeals strongly to our people, and possibly is more effective than the idea even of self-interest, provided it is properly and squarely put and understood. Effort must, therefore, be directed to convince people that the country needs a contribution from them personally in order to progress, and that it cannot do so without this contribution.

(2) Combined with (1) above, stress should be laid on the fact that what the individual is asked, to do is very similar to what the country is being asked *viz.*, to save in the present in order to build up a better future. The Small Savings Campaign is directly connected with this idea, as the individual is not asked to give away money permanently, but is asked to temporarily deprive himself of the use of it and is ensured its return later.

(3) Nothing will do more for the Small Savings Scheme with the mass of the people, and it is now the mass of the people who have to be asked to contribute if significant sums are to be collected, than if demonstrably and clearly the procedural arrangements are made simple and are brought near the home of the individual. The greatest possible stress must be laid on devising organisational and procedural arrangements to achieve this.

Q. 4: It is doubtful whether there is much truth in this point of view. A great deal is being done in the Community Development Programme to get local contributions for local development works, and without doubt considerable enthusiasm is forthcoming. It is doubtful whether by adding another set of collections, based on the same kind of approach, much will be gained in the net total. Moreover, organisationally and administratively it is difficult to ensure, within a satisfactory period, the application of local moneys for local development. This aspect is best left to the Community Development Programme, though emphasis may, of course, be laid on the fact that money is being collected by Government for the development of the State.

Q. 5: As Small Savings are now to form the most important source for financing the Second Plan, it is recommended that the drive should be under the continuous review and attention of the highest authority. At the State level, therefore, a Committee with the Chief Minister as Chairman and comprising both official and non-official members, but not too large (say, 10 to 15 persons) should be in charge of an examination and review of the programme, and should meet at least once in three months.

At the District level a similar Committee should be set up with the Deputy Commissioner as Chairman. This Committee should be required to meet once a month, and should be asked to send a report every quarter to the State Committee reviewing the position.

It should be within the terms of reference of the State Committee not only to review progress, but also to consider difficulties and examine means of overcoming these.

At the Centre, the possibility of a Committee of Parliament, with a certain number of official advisers, may be considered.

Q. 6: It seems quite unnecessary to insure the Small Savings Fund as, generally speaking, confidence in Government's solvency is universal, and no particular strength will be gained, whereas additional expenditure may be incurred by insurance and guarantee.

Q. 7: Experience has shown that where women workers work amongst women, confidence is gained very much more easily than where men are doing the work. The use of women workers for attracting savings from women should, therefore, be arranged. The women should be preferably persons who understand the people of the locality, and even know some of the individuals. They should also be persons of a social or family position likely to meet with confidence.

Special care should be taken to appeal to women, particularly in rural areas, at time when surplus money is available. The more obvious times would be when a harvest has just been sold and money brought into the house.

An attempt should be made to link up the idea of savings with direct benefit to children, and if possible to devise forms of savings connected up with particular stages of development of children. This may be useful.

Q. 8: The cinema is without doubt a great attraction to the people, wherever it is available, and publicity through means of films would be effective. The experiment may also be attempted of providing places where Small Savings investments could be made immediately after a cinema show, where one of these films has been depicted.

Q. 9: Publicity through the radio is becoming an increasingly effective means of reaching large numbers of people not only in towns, but now also in villages, and wherever Community Development Centres provide radios, these invariably attract large numbers of persons. Publicity through the radios would, therefore, be an effective means. More emphasis should be laid on putting across publicity through entertainment programme, such as dramas, even songs and the like, than by direct injunctions. Interest would also be aroused if the radio gave from time to time local figures regarding collections, so as to create somewhat of a competitive spirit between various States and between various areas in the same State.

Q. 10: Metallic tokens should not be used instead of paper coupons, but should be available as an alternative. The reason for this is that certain classes of the population, particularly those in towns are quite used to the

idea of the importance of paper, and would probably prefer it to metallic tokens. On the other hand, living and housing conditions in rural areas and general illiteracy, would make the metallic token a very much valuable and easier to keep article for the village. Its use is certainly one of the procedural amenities, which would be an asset.

Q. 11: It is not clear from this question whether it is proposed to deduct a portion of wage compulsorily or voluntarily. If the intention is to do so compulsorily, it is not recommended. The right time for a certain amount of compulsory saving amongst this class of persons would be when as a result of voluntary effort, a certain number of members of this class have already started saving, so that the initial fear of giving away money to a neutral authority to keep for you is lost; and when this class of persons has been convinced, by procedural arrangements being made easy and near, that they will not have any difficulty in cashing their dues at the right time. When these two conditions have been fulfilled, it is believed that people would accept even a compulsory levy without much opposition as they would then consider that even though they felt upset by the immediate deprivation of money, it did have the element of long-term benefit to them. The use of metallic tokens would, of course, be of benefit.

Q. 12: At this stage of development it is doubtful whether organisational arrangements at *mandis* would be very useful. Their use would imply a change, confidence and habit of the system of saving in this way, which has not yet been achieved. Under present cuircumstances, the persons with money at places like *mandis* are either businessmen, who are utilising all the money for business purposes, or cultivators who have come to sell their grain. The latter are much more likely to be attracted by organisational arrangements nearer their home than at a distance from it. Organisational arrangements at *mandis* might, therefore, come after a more detailed attempt has been made to get round nearer the village.

Q. 13: It is difficult to offer comment without more detailed knowledge of the Madras Act. Generally, it is doubtful whether much could be expected from daily offerings at temples, because in the large number of cases these would not amount to significant figures. In large temples or other places of worship, however, where daily offerings or those on special occasions are significant, an attempt to mop up part of these offerings may be useful, but could only be organised on an individual contact basis with those in charge. On the whole, it is doubtful whether this source would produce any really significant amount.

Q. 14: Stress has already been laid in answering this questionnaire on the need of procedural arrangements which are both simple and come as near as possible to the villagers' home. As such, Mobile Savings Vans and Mobile Banks would be extremely useful, provided they are organised on a scale large enough to be expected as an invariable habit by the people, so that there is confidence that the Van will appear in the village on given days without fail. The Van should be not only a means of collecting moneys for small savings from the people, but also made the means of returning moneys to them when they are entitled to draw these. Nothing would do more to convince the villager of the certainty and convenience of small savings than if he could transact business in regard to them on given dates at his very doorstep or at a nearby village within easy walking distance of him. Such system also has dangers

because unless it is well organised in regard to the certainty of the Van appearing at fixed dates, it is not likely to have the desired effect.

Q. 15: It seems doubtful whether a direct connection between the Nationalization of Insurance and Small Savings could be achieved or is desirable except to the extent that agents now being utilized for collecting insurance business might also be utilised for getting Small Savings.

Q. 16: For the large mass of people conspicuous and wasteful expenditure seems to be incurred generally on the occasion of marriages. Amongst the mass of people wasteful expenditure may, in individual cases, depending on the habits and tastes of the persons concerned, also be incurred on liquor and on tobacco. In regard to liquor the question raises the whole business of Prohibition, which is already under consideration. In regard to tobacco, it is possible that some propaganda may assist in reducing consumption, but generally the amount spent by the individual and the widely dispersed nature of the problem, would hardly make it worth the effort. The chief effort seems to be necessary towards more education more propaganda, and more effort on the part of the people in village, to discourage wasteful expenditure on the occasion of marriages.

In regard to a minority of the population, who are comparatively better off, and in some cases very much better off, wasteful and conspicuous expenditure takes a large variety of forms. Perhaps, the most conspicuous of these is expenditure on social entertainment and on transport, in the way of both the number and variety of cars and in the case of women, on clothes. Here again, it is suggested that solution lies in the direction of creating a social check over these practices rather than direct legal action.

Q. 17: It is doubtful whether the occasion of a marriage would provide much scope for significant collections on a mass scale, though once the habit of saving is more widespread, it may be possible to persuade people to give presents to the couples in the form of Savings Certificates or the like rather than in cash. More could immediately be done on the occasion of the birth of a child, particularly in connecting up saving on the occasion with the laying up of money for its future education.

Q. 18: The main defect in the present Small Savings campaign appears to be that the machinery for it is effective only in restricted areas, mostly in and near towns. Even in towns the machinery is such that it is more easy for a literate person to keep up with it than for an illiterate one to do so. Villages, on the other hand, have hardly been touched in any substantial way. The organisational arrangements and procedure must be so changed as to make for easy understanding and easy access by rural people and by illiterate people in towns. Possibly, the direction in which effort is required is to make the document of evidence of Saving as easily negotiable as a currency note, though of more durable material. It is true that such arrangements which would mean, for example, that a labourer working in one part of India today could, by presenting a token, get his dues in any other part of India, would have other dangers, but it seems worth examining such a possibility or some modification of it in detail.

A better popularisation of development plans, including a populari-

sation of the factual position regarding financing of progress in this country would certainly seem to be an important factor in attracting savings.

Q. 19: Training should be imparted through practical work, and to a study of the economic habits and conditions of the people in the area where work is to be done.

Q. 20: Some answer has been given to this problem under Items 14 and 18 above. It seems that possibly Mobile Vans, which would act both as collecting and disbursing agencies, would be the most effective method in rural areas, provided these appear at the village or near it regularly at a fixed time and day.

Q. 21: The best of all round attraction which would have a sustained value seems to be the commission given for collecting Small Savings. In addition to this, prizes and letters of appreciation would certainly make some difference, but possibly cumulatively, not a great deal.

GIANI GURMUKH SINGH MUSAFIR:

A NOTE ON QUESTIONNAIRE

In my opinion middle class people, both urban and rural, can contribute Rs. 5/-. p.m. to the Small Savings Scheme. The most effective way to implement the Scheme will be to approach the people personally through lectures and films. I agree with the views of the Rural Credit Survey Report. The Panchayats should be asked to give co-operation to District headquarters. To create people's enthusiasm suitable rewards should be awarded to the best collectors. The most effective way of making the women folk to contribute to this scheme would be to create the habit of economy among them. Dramas, documentary films, etc., encourage people to contribute. The radio can be utilized to approach people through songs, dramas and other programmes for particularly rural folk. The metallic token may add to the collections. The wage-earners may be induced to contribute but then no pressure should be exerted and the whole thing should be with their consent. The approach should create an inward urge in them to contribute to this national task. The Panchayat will be an effective organisation for appealing people to contribute when monetary transactions are in full swing. No definite opinion can be expressed on question No. 13 without the perusal of the Act itself. The policies of Insurance of the value of Rs. 500/- may be issued to the people on long term loans. The suggestion of utilising the occasion of a child's birth or marriage ceremony is very appealing. An account may be opened in the name of child. This proposal carried a good weight because of present high birth rate in India. A major drawback of the present system of Savings Scheme is that it is mainly if not wholly confined to the literate class. I subscribe to the view that the popularization of development plans will yield the desired results. The people will have the confidence that money they contribute is being utilised for the uplift of the masses. This shall create a healthy impression on the mind of men in the street.

I shall further like to add that interest earned from small saving scheme should be free of income tax.

SHRI BHIMSEN SACHAR:

ORGANISATION OF THE SAVINGS DRIVE

1. As a rule the motive force for savings is self-interest which prompts a person to prefer future spending to present spending. Any campaign for Small Savings to be successful should, therefore, appeal to this self-interest. Some of the recognised forms of this self-interest are:—

1. Provision for period of sickness
2. " " old age
3. " " period of unemployment
4. " " a house
5. " " children's education and marriage, etc.
6. " " dependents after one's death.
7. " " community good.
8. Attractive returns on investments.

2. For a proper response to appeal for additional Small Savings, I shall rely on the organisations already in the field and avoid, as far as possible, the setting up of new units. My reason for this is that it may not be easy to set up really efficient and trustworthy new agencies within the short period at our disposal and in the absence of such an agency there is danger of public confidence being shaken in the institutions dealing with people's deposits. Such a risk must be avoided at all costs. Besides, I am of the view that the existing credit institutions are more than sufficient to make richer gatherings of Small Savings. All that is necessary is to expand their activities and increase their tempo and this it is easier and safer to do than toiling for new and untried agencies.

3. As my first preference I shall select the mighty and tried organisation of insurance companies for meeting our needs. With the requisite extra attention and drive the insurance companies would be able to achieve what no new organisation operating in the same sphere could be expected to do.

4. To facilitate the work of insurance companies I shall organise gigantic visual propaganda, particularly in rural areas, to demonstrate to the masses the manifold advantages of entrusting their Small Savings to them. With the nationalisation of insurance institution, a central direction can bring about very spectacular results. The insurance companies have ready made organisations built on scientific lines and, because of their long experience, can add to the attractiveness of the existing Schemes and to their number. Concrete steps that should be taken for increasing the revenues of the insurance companies can be worked out in consultation with their central executives.

5. Speaking of a normal man there is in him an irrepressible desire to come by money through short cuts. This accounts for one's readiness to part with money for the alluring prospect of handsome and often disproportionate yields though it be apparent that in the hope of reaping a rich harvest he may even lose the principal. That is why a man is so willing to try his luck in lotteries. I am for organising government lotteries on very big scale on the lines of the Irish Sweeps. The objects, *e.g.*, hospitals

and educational institutions, etc., are laudable and the means no more tainted than in the case of stock exchange operations. There is no more effective way than this of reaching very large masses of men and women for their helping hand in the economic development of the country. You do *not* have to go to the buyer, the buyer comes to you. This saves time, money and labour. I very strongly recommend the floating of public lotteries.

6. Contributions imply Savings and to attract larger *savings* under this head new matching grants for community development schemes should, if possible, be increased.

7. *Vigorous propaganda should* constantly keep before the public eye the need for financing the plan. The danger of its non-fulfilment *should be brought out* for public consumption. This should be coupled with scientific propaganda emphasising the strong financial credit enjoyed by India in the world markets. The greater the confidence in the financial stability of Government of India, the greater would be the ease with which money would flow into its coffers.

8. For *other* Small Scale Savings I shall rely on well-established Government agencies like Post Office Savings Fund *Accounts*. They will attract deposits in proportion to the facilities for withdrawals and interest yields in excess of those afforded by *scheduled banks*. Of course, propaganda has to be intensified for the spread of savings habits among the people.

9. Duly *authorised* agents—preferably ladies should call on housewives *in their houses* and sell to them on the spot savings certificates of *small denominations*. House to house visits may yield fruitful results if they are well organised and if the rate of interest is attractive.

10. As far as possible, schemes smacking of compulsion usually associated with taxation measures should be avoided.

APPENDIX C

NOTES AND REPLIES TO QUESTIONNAIRE FROM CHIEF MINISTERS OF STATES

DR. B.C. ROY, CHIEF MINISTER, WEST BENGAL: EXTRACTS FROM HIS REPLIES TO QUESTIONNAIRE

Q. 1: No pattern of such contribution by classes or sections of the population can be discerned on the basis of available data and no proportions could, therefore, be conveniently fixed for future support from the respective classes. The fundamental basis of classification relevant to study of this nature is income, though the analysis may be broadly divided to cover separately the urban and rural parts of the community.

On the basis of collection figures over the past years, it could be stated that in the urban sector, which forms the strongest support behind the savings movement, the maximum contribution can come from the upper middle-class, earning fixed incomes from salaries or permanent assets. This section has both the opportunity and the desire to save and the Small Savings securities suit them also.

Those deriving still higher incomes from business or trade might invest in Savings Schemes a part of their capital which they set aside in absolute safety. But this section is small, and as there is holding limit on Small Savings Securities, their contributions are bound to be relatively low and, by no means, proportionate to their wealth.

The best immediate prospect for improving Small Savings collections would be to direct our appeal to the upper middle-class giving them facilities for trouble-free purchase and encashment.

It is not possible to assert definitely that rural tracts as a whole are at the moment capable of yielding large saveable surpluses. A study of comparative price data indicates that since 1942 the relation between agricultural and non-agricultural prices have generally been advantageous to agriculturists and, so, their money income, as well as purchasing power in real terms, and consequently saving capacity, would be said to have increased. The Rural Banking Enquiry Committee reporting in 1950 stated that taking the country as a whole, the major part of rural surpluses, and consequently savings in one form or other, should be found with the bigger landholders and such non-agriculturists as village money-lenders, traders, mill-owners, etc. However, agricultural prices are of late sagging and recent land legislation in many States has eliminated big agricultural holdings, so that the relative rural prosperity, which might be a suitable metrix for savings movement, no longer exists. The All-India Rural Credit Survey conducted recently by the Reserve Bank of India is most emphatic that the need to make rural Savings possible by economic development and credit extension, is much more important than to render rural savings available by Savings Drive and mobilisation.

Q. 2: Judged by collections, the Small-Savings Scheme has succeeded best in the city of Calcutta and the industrial areas around. *This is as it should be.* It is a familiar Keynesian notion that investment (activity) creates the Savings necessary to support itself. Savings is an *increasing function of prosperity.* National Savings statistics from year to year and statewise collections clearly indicate that sales of Small Savings *Securities depend on regional prosperity.*

The unwillingness on the part of labourers to save even in times of relative prosperity could best be gauged from the attitude of tea garden and colliery labourers. By a recent bonus agreement 8 lakh tea garden labourers in the districts of Jalpaiguri and Darjeeling, are getting a total sum of Rs. 4 crores in cash as deferred bonus. But instead of saving, there is a riot of spending on bicycles, torch lights, fancy goods, etc. As to regular savings propaganda in the gardens, there has been little co-operation *from the management.* Colliery workers are proverbially migratory and they take no interest in Savings talks as they think that deductions *from their wages towards* Provident Fund is already a fine paid to keep their jobs and any sum spent on the purchase of savings certificates or *stamps would be further wage cut.*

Q. 3: Our publicity should emphasize the personal benefits of thrift, *viz.*, safety, security, profit and self-respect of the individual and the national significance deriving from the blessings of savings, *viz.*, economic prosperity, material *development* and freedom from foreign aid which gives meaning to our political independence.

What is needed is a vigorous publicity campaign through newspapers *and posters, outdoor* displays, radios, films, etc., to educate people to a sense of economic responsibility to the State, so that results could be built up by voluntary *reactions of individual citizens who* had absorbed in their sub-conscious mind the message of savings and thus had their reflexes properly conditioned.

Q. 4: Collections in National Savings cannot be related to *development on village to* village basis and the proceeds cannot be scattered on purely local projects. As to the force of local schemes as induce*ment to invest, the Rural Credit Survey* was most emphatic that the Co-operative Credit Movement was best suited for the task of encouraging small savings on the basis of specific local projects, because co-operative societies were closely associated with the life of the villagers.

If receipts in Small Savings are distributed to the villages in the hope of rousing local patriotism, vital capital meant for the plan would be *frittered away by dissipation over small* local projects which would never total up to any significant achievement in the national context. Damodar, Nangal, Sindri or Chittaranjan would remain unrealizable dreams if every village manouvered for its share of expense out of National Savings. To claim that capital expenditure and loan receipts should be balanced territorially is to create the danger of leaving poor areas with no local savings to impoverish further while rich areas used local capital to grow richer. In government finance, *neither for taxes paid nor loans* subscribed could *quid pro quo* be stipulated either by persons or places. The appeal for National Savings should be based on the opportunity for economic pro-

gress through mighty projects which strengthen the nation and benefit the nationals.

Q. 5: Taking the central organisation first, experience shows that Savings movement under direct official control is restricted in so many ways that it cannot organise, operate and produce the maximum attainable results. A semi-autonomous corporation or a composite committee with suitable authority might be given responsibility for organising the Savings movement. A composite corporation representing the various organisations concerned in National Savings Movement like the Finance Ministry, P & T Department, the Reserve Bank and State Bank of India, State Governments and other relevant groups, would not only secure efficient operation, flexible methods and free enterprise but also ensure better coordination, unity of policy and speedier action.

At the State level also, an active committee representing all the interests comprised under the central corporation might secure the movement the decisive advantages of unified authority, elasticity and speed. State committees should be given freedom to adapt publicity and sales technique to local needs and provided with suitable grants to function in discharge of their responsibilities.

In the democractic context, District Committees could help combine official initiative with non-official enterprise and effectively bring together various parties helpful to the Savings Drive. Non-officials serving on District Committees could remove inhibitions in public minds which sometimes prevent suitable emotional response when a movement or appeal is entirely departmental. At the District level the Savings Committee could provide the District Savings Organiser a proper background so that his work could be more productive. A standard composition of the District Committee would be representatives of the Executive Administration, the P & T, Education, Publicity and Development Departments, the cooperative movement, local banks, labour and business interest and welfare organisations. The Committee could organise publicity and public relations, help investors, improve postal salesmanship, recruit agents and also guide their work.

Q. 6: National Savings provide cast iron security as both capital and fixed interest are unconditionally guaranteed by Government under the provision of the Trusts Act. No suggestion has ever been heard that National Savings could be improved in point of safety. Even interim surrender values are guaranteed on Small Savings Securities for all-premature withdrawals. This protects Small Savings against capital depreciation throughout.

However, it hurts the country's Savings if Bank depositors feel and, really are, unprotected. Any loss to Bank deposits might do great harm by discrediting banking institutions and discouraging investment as a practice. It would, therefore, help the National Savings Drive if bank deposits in India could be insured on the American model. In America, where the Savings campaign is not fully officialized, safety is placed first as the biggest factor in the promotion of Small Savings. Every Bank in the United States must join the Federal Deposit Insurance Corporation—a Government Sub-division which guarantees Savings up to 10,000 dollars per depositor. In India, we need more than they do in the U.S.A.,

some form of Deposit Insurance to promote faith in banking practice and fortify thrift by ensuring all invested Savings. Deposit Insurance should be made compulsory so that every depositor is guaranteed upto say Rs. 20,000 or 50 per cent of his deposit. The details could be worked out by experts and calculations on the model of what is done elsewhere.

Q. 7: The time is not perhaps yet to plan recruiting women as effective members of the Savings Movement and develop them as contributors to public loans. It is, however, not uncommon for some women to save on the family budget by careful domestic planning. Small surpluses are usually deposited in Savings Accounts in the Post Offices or Joint Stock Banks. It would help household women if attractive Savings boxes could be given them free, which they could use to gather the odd coins from day to day for weekly or monthly deposit in the bank.

Of all Small Savings measures only the Post Office Savings Banks appear suitable for recommendation to village women, though the prospect is limited by the insufficiency of post offices in the rural areas and by P.O. Savings Bank not admitting illiterate depositors. Inexpensive and attractive Savings boxes would help village women to collect small changes every day which they could deposit periodically in the nearest post office.

As to convassing for Small Savings among women organisation, agents operating with the women's Savings campaign might send out trained workers to contact household.

Q. 8: Propaganda films could undoubtedly serve effectively as means of persuasion with the simple-minded and unsophisticated. It would, however, be best to produce only quickies or shorts, running 5 to 20 minutes using cartoon, story, news or documentary appeal. Such films would be warmly received by the villagers and could affect their minds.

A film show is bound to attract a crowd in the rural areas which the District Savings Organiser or the District Publicity Officer in-charge of the show could usefully arrange. If shorts are regularly produced, there should be effective measures also for their distribution. The help of the State Publicity Department and the Planning Commission Publicity Units, both of which possess mobile equipments, should be taken for showing them.

Though urban audiences would dislike good films spoilt by mixture of propaganda , they would welcome News Review imaginatively projecting the progress of the nation's drive for raising Small Savings.

Q. 9: The great difficulty in regard to radio talks is to get suitable speakers and also to produce bright scripts. Till we get men and material required for making radio programme interesting the best idea is to feature news of the progress of National Savings under the Radio's News Review. Novel ideas, special feature or unusual events or interesting situations relating to Savings might be given publicity over the Radio.

There is even at this moment some definite scope for musical publicity of Small Savings as part of routine industrial, rural or school broadcasts. Programme for labourers or rural areas could make use of music and simple dramas for publicity. Even school broadcasts could be enter-

taining with suitable mixture of materials drawn from the Savings Movement.

Q. 10: Metallic tokens would have some definite advantage as symbol of investment because metal feels better and looks better value than scraps of paper and tokens are not so easily lost, destroyed or burnt. However, Paper Certificates will have also to be issued against every investment recording name and address of investor, date of purchase, face value, accrual of interest, etc.

In areas where metal impresses more than printed paper, tokens could be issued after arranging Safe custody of Certificates Scrips in the Post Office of issue or Union Board or Treasury or Collectorate or with the employer. Steps will have to be taken to make realization easy for token holders.

Q. 11: Agreed deductions from wages at source for purchase of Small Savings Certificates, though looking like compulsion, is perhaps in the present circumstances the only effective means of promoting investment by wage-earners whose habit, outlook and environment prevent their practising thrift with cash in hand. This would, however, require the amendment of the Payment of Wages Act, which prohibits such deduction. Trade Unions also have to be taken into confidence before such a scheme is contemplated.

If deductions are made before disbursement of wages, tokens or chits graded for value must be issued to reassure labourers by concrete, calculable evidence that their Savings are safe and growing in Government custody. Metal tokens might be preferred as more durable and easier to handle and stock. Proper accounts have to be maintained in the factory office so that repayment or partial withdrawal out of one's Saving is not dependent on possession of tokens and is never refused if these are reported lost. Steps have also to be devised to facilitate encashment of certificates held by wage-earners.

Q. 12: It is expedient to plan Savings drive in rural areas to coincide with the prosperous seasons, timing collections on the cycle of rural prosperity. When the villager has marketed the fruits of his earth it comes temporarily into cash, part of which with wise counsel he might transfer to Savings. National Savings campaign must be suitably organised at convenient centres just after the harvest. Agent must be available on the spot to advise and assist, and arrangements must be made for local purchase and home-delivery of certificates. The District Savings Organiser of the area might temporarily draw re-enforcement from nearby territories and mobilise all resources for publicity and salesmanship. Post offices might be temporarily opened on location for prompt service or a mobile unit serving for publicity could function as a mobile post office.

Poster Exhibitions, distribution of attractive handbills in different regional languages, mobile films, community listening, musical publicity, etc., might also be arranged temporarily to create proper atmosphere.

Q. 13: Having regard to the usual size of religious endowments, and considering that they further no private or personal ends, they are

holding limits on National Savings Certificates and Treasury Savings Certificates could usefully be raised. Religious funds could also be converted into Trusts and thus rendered investible in Government Securities. In so far as the Madras Religious Endowments Act guarantees this, similar legislations elsewhere are most welcome.

Q. 14: If these expedients are meant for such areas as are not served by commercial or postal banks, it only indicates that banking possibilities of the areas are limited, and actual or potential savings extremely doubtful. Mobile banks would also be expensive on overhead, if used to cover unyielding tracts. A mobile bank would not be of much use in a backward area, where without persistent propaganda Savings are not likely to emerge. Such banks could, however, be useful in our industrial areas or in crowded rural centres if they are used to extend postal facilities to a carnival or exhibition site.

The All India Rural Credit Survey Committee referring to the experiment initiated by the Bank of Patiala concluded that such banks could only be useful in areas where there is no near prospects of development in the sphere of co-operative credit.

Q. 15: Nationalisation of Life Insurance has set new perspective to Small Savings and poses the urgent question of adjusting the mutual relations of National Savings and nationalised Insurance, so as to harmonise their operations. Nationalised Insurance is a part of the machinery of Small Savings to be used as lever. To encourage regular monthly saving attempts are made in the Savings Movement to form employees working together in an office or mill into Savings Groups. To help such Savings Groups to establish themselves firmly on the basis of regular, ungrudging contributions from members and to give the small savers the best of both Insurance and Saving on his limited income, monthly payment of group savers might be divided between payment of insurance premium and purchase of Savings Certificates covered under a composite scheme. If members of Savings Groups are allowed combined benefit of a joint Insurance-cum-Savings policy, it would give the small saver the best possible term. The idea was discussed a few years back with private Insurance companies who showed little interest. Now that Government can provide integrated Small Savings service it should be initiated. On the insurance part, the combined policy, when issued through Savings Groups, would be cheaper on premium on account of the advantages of Group Insurance.

Q. 16: In India conspicuous expenditure is not extensive enough to constitute a distinct phenomenon or real problem. It is the very rich who might sometimes indulge in extravagance both from exhibitionism and as a method of self-expression. However, even such expenditure helps by putting some money back instantly into circulation. Savings propaganda should not develop into a 'don't spend' or 'don't buy this or that' appeal. That would be a negative approach creating inhibitions.

Q. 17: There could be no doubt that National Savings Certificates could be made more popular by making them suitable objects of gift at family celebrations and social functions. However, there are no attractive gift covers in colourful designs. It would be useful to introduce separate

Gift Certificates in the form of ornamental scrolls mounted in colour with ceremonial designs.

Q. 18: Small Savings Campaign as it now operates is not big enough to produce Savings in a big way. The staff of the National Savings Organisation is inadequate to cover the entire area of the campaign, official policy has not always been enterprising enough and operational methods under departmental control have been rigid. Our publicity and organisation are not comprehensive and lack punch and penetrating power. The beginning of a bigger campaign would require propaganda to be as comprehensive, sustained, varied and colourful as we could make it.

To base the Savings propaganda on development work is useful, giving the abstract notion of thrift, the vital and inspiring background of material growth.

Q. 19: National Savings Salesmanship would have much in common with the training that bankers and Insurance executives, field workers generally require in order to be useful in their respective vocations. The special training that the contact-man and public relations officers of the National Savings Movement should get is about how the Small Savings Schemes work, the details of terms and conditions of the various securities and their comparison with other available investments. Above all, they require training in patience. To start with, the training of Extension Staff could be arranged in the regional or district offices of the National Savings Organisation. To strengthen the organization and to improve its serviceability training has to be arranged also for executives of the Savings Organisation as well as others who work in support of the movement and function as its agencies.

Q. 20: The difficulty of purchasing Savings Certificates is not that too many forms have to be filled but that buyers have to wait too long in the crowded and depressing atmosphere of post office. Treasury Savings deposits and National Savings Certificates would be popular if transaction could be reduced to exchanging finished scrips against cash across the counter. The more important reform would be to make Savings Certificate easier to cash. Post Offices making clerks responsible for wrong payments in the normal course of business could never make realization easy. The P & T Department and ultimately Government should properly accept institutional responsibility, just like Commercial Banks, for erroneous payments or frauds in spite of usual caution exercised by postal clerks. A large number of officials or semi-officials should also be given ex-officio authority to identify intending cashers. The system of remitting by money orders dues of holders who are doubted cannot be popular, as the small saver is mulcted of the money order commission out of his interest. Both buying and cashing certificate could be made absolutely trouble-free if Scheduled banks could stock certificates and issue them to customers and also pay their surrender value with their customary speed. Moreover, the National Savings Organisation could set up composite Savings Bureau in large cities for the convenience of investors. Sales agency for National Savings Certificates could also be extended to bigger shops, departmental stores, cooperative institutions, colleges, etc., working under a Central Post Office which could check up all works at all points and centralise registration of certificates issued through them.

Q.21: Non-official agencies could help the Savings drive by assisting its publicity or canvassing sales as honorary workers or authorised agents. Interest in the Savings Movement could be helped by some special rewards or by some proof that Government recognised good work wherever it was done. Prizes distributed ceremonially might provide relief through variety of programme and could restore to proper shape those who do arduous and spectacular field work. It is not without reason that public honour and official recognition is accorded to National Savings workers in the U.K. to encourage them in their difficult task.

SHRI K. KAMRAJ, CHIEF MINISTER, MADRAS:
A NOTE ON SMALL SAVINGS

The National Savings Scheme of the Government of India is the only organised scheme of Small Savings in operation in this State. There is a Regional Savings Officer with one district officer for each district and authorised agents for canvassing Savings in the districts. Beyond helping this organisation in a general way by selecting authorised agents and by issuing suitable instruction to district officers, the State Government has not gone all out on the scheme as one of its major responsibilities. About Rs. 3 crores net, may be raised in this State during the current year, the money coming mostly from the urban industrial sector, largely through the initiative of the Regional Officer and his staff, with what little aid they can secure from the State Government and non-official agencies. The organisation is not strong to make any impression on the countryside and even in the urban sector, it has not penetrated deep enough to the limit of profitable exploitation.

The lack of conspicuous success on the National Savings Scheme may to some extent be due to the lukewarmness of the State Government which has no direct control or incentive to go all out on the Scheme. But the State Government has been playing a significant part in mobilising rural Savings through the annual open market loans. State loans are usually advertised after the Central Government had raised its loan for the year, and in order to attract the marginal investor, the terms are made a little more favourable to the investor. But, it is the same class of investors, namely, the industrial, commercial and insurance people of urban centres, who have been subscribing hitherto to the Central as well as State Loans. In Madras we have now succeeded in making the agriculturists interested in this form of investment. Some time before the annual State Loan is advertised, district officials under the direction of the Collector, go round the villages and try to meet every individual agriculturist who can invest at least Rs. 100/-. Officers of all departments of the State Government, except the Police and the Judiciary, take part in this organised drive. Transport and other facilities are given to district officials and they assist agriculturists in cutting red tape and getting through the formalities prescribed by the Treasury and the Reserve Bank. For the period of this drive, which is usually restricted to one fortnight, all officials in the districts lay aside their normal duties and concentrate on this item of work. A careful watch is maintained by the Government, of the work going on in the district, through the Members of the Board of Revenue and other heads of departments to ensure that the zeal of district officials does not get out of hand and lead to complaints of coercion. Political organisations in the districts are also alerted by the Ministry to secure the wholehearted co-operation of the people for the drive. During

the current year, the Reserve Bank in the usual course advised that Madras might probably raise a loan of Rs 5. crores in the open market. This advice was based on the Bank's assessment of the industrial and commercial money floating in the market. Actually, cash subscriptions came to about Rs. 14 crores and that too within 2 days when the loan was closed, even though it was intended to be kept open for a fortnight. The terms of the loan notification precluded the Government from appropriating the whole sum and about Rs.4 crores had to be returned to subscribers who had put in over Rs. 1 lakh each, but that does not alter the fact that even that sum was available for investment. The part played by agriculturists in achieving this satisfactory result can be seen from the following break-up:

		No. of investors.	Amount Subscribed.
Subscription of Rs. 1000 and less	..	8,950	46,97,800
Subscription of over Rs. 1,000 and upto Rs. 10,000	..	6,013	2,99,44,500
Subscriptions of over 10,000 and upto Rs. 1,00,000		1,567	5,66,24,90
Total		16,530	9,12,67,200
Subscriptions of over Rs. 1,00,000 (partial allottment)			4,51,33,000
			13,64,00,200

There were 16,530 subscribers with Rs. 1 lakhs and less, the large bulk of them being agriculturists from the countryside, and together they had contributed Rs. 9·13 crores. Subscriptions of over Rs. 1 lakh amounting to Rs. 4·51 crores were from the industrial and commercial people of Madras City and other urban centres, and the bulk of this amount had to be returned under the terms of the loan notification. In short, the Madras Loan for the year was largely subscribed by a new class of investors, namely, the agriculturists from the countryside.

The contribution made by the agriculturists varied from district to district according to the effort put in by district officials. Salem district is perhaps the poorest area in this State, without any appreciable assured irrigation. The subscription from this district amounted to Rs 53 lakhs but there was only one subscriber who had put in over Rs. 1 lakh. There were 2,257 subscribers with Rs. 1,000 and less, 404 subscribers with Rs. 10,000 and less, and 54 subscribers with Rs. 1 lakhs and less. What has been done in Salem could, without doubt, be repeated in other districts and the results of the more prosperous districts could be very much more than what had been achieved this year provided the necessary measure of advance preparation had been organised. It may not be unrealistic to aim at a target of Rs. 15 crores for this State in a year of normal season conditions and agricultural prices. The population of Madras is about 10 % of that of the whole country. If all States can put in the maximum effort in organising similar drives in the countryside, the total

sum that can be raised in a year is of the order of Rs. 150 crores on the population ratio. Even assuming that some States are backward, the total should not be less than Rs. 100 crores a year or Rs. 500 crores for the Plan period. Much of the industrial and commercial money will still be there untapped for the normal loan operations of the Centre. The target of Rs. 700 crores set in the Plan for open market loans is not, therefore, difficult to reach in the existing economy of the country, and with the probable growth in the economy during the Plan period this target could be easily exceeded.

The Madras technique is no doubt open to the criticism of excessive zeal and coercion by district officials. Whether there was coercion in Madras in the recent drive, is a question of fact. The Government took every possible precaution to ensure that persuasion did not degenerate into coercion. There was not even one complaint of actual coercion from any district in the State. What the agriculturist is persuaded to take, is a Government security which is an easily negotiable instrument with a market value. Unwilling investors will naturally rush to sell the security at the earliest opportunity and this should depress the price of the paper in the stock Exchange. Barring the ordinary seasonal fluctuations, there was no marked downward trend in Madras Government securities during the year and this should remove the edge off the criticism of coercion. The truth of the matter seems to be that agriculturists are no longer interested in putting their Savings on land with the imminent threat of land ceilings. They do not also trust industrial ventures in the private sector. Government securities give them a safe form of investment and they can be made to invest in them increasingly. Actually if the State can show them a local project towards which the sums raised in their area would be utilised, much greater persuasion by district officials than what was actually used in Madras, will go off without any adverse comments.

One major difficulty in popularising this form of rural Savings, is the stipulation that income-tax would be deducted at source when interest is paid on the bonds. The smaller agricultural investors, and they form the bulk, are not liable to pay income-tax. They have, therefore, to claim a refund of the income-tax deducted at source and they are not equal to the necessary correspondence. In Madras an attempt has been made to mitigate this difficulty by the district officials taking the initiative in securing the income-tax exemption certificates from the local Income-tax Officer. Even so the necessary procedural delays cannot all be circumvented and a good few are unable to get the refund they are eligible to. The best solution is to give up the practice of deducting income-tax at source on State Government securities and treat them on a par with ordinary bank deposits. This may no doubt add to the difficulties of the Income-tax Department, but the existing procedure throws unnecessary burden on the rural investors and district officials, and retards the progress of rural Savings. The matter should be examined at the highest level and suitable remedies prescribed in time. The procedure in the Treasury for receiving subscriptions and paying interest annually has also to be reformed to suit the new class of investors.

It is beyond the capacity of the present district administration to tap the Savings of the still smaller investors in villages, i.e., people who can save less than Rs. 100 a year, who form the bulk of the rural population. This

would require a very much decentralised scheme of accounting with the district as the unit and an elaborate organisation for supervision and control. Perhaps something may be possible at this level after the co-operative credit organisations recommended by the Rural Credit Survey Committe get into position in villages. In the meanwhile the National Extension Services will also cover the whole countryside and a Scheme of Small Saving for the rural folk may be built up around by the Block Development Officer. The administrative staff at the village level is at present far too dilute and undependable and any attempt to build up immediately an independent Small Savings organisation in villages with a reasonable margin of safety, is most likely to become top-heavy.

SHRI RAVI SHANKAR SHUKLA, CHIEF MINISTER, MADHYA PRADESH: REPLIES TO QUESTIONNAIRE

Q. 1: There are generally four classes of investors from whom money is secured as Saving under the Small Savings Scheme:

(*a*) Salaried classes including Government servants,

(*b*) Institutions,

(*c*) Traders, Contractors, Businessmen, Proprietors of big concerns, Merchants (including cloth & grain dealers), etc.,

(*d*) Agriculturists including ex-malguzars, tenants and cultivators residing in big cities, who have their cultivation and dealings in rural areas also.

(*a*) Persons under the first category, who are working in Factory, Mill, Government or Private Offices, have mostly been the prospective investors, who are easily respondent to contribute their mite in the Scheme. Efforts have been made in most places of employments to form Savings Groups and make cash collections on the pay day regularly every month from these salaried groups. The wider the Savings facilities are offered, the more employees will take advantage of them. The best method will be to offer these employees the choice of having their deductions used for the purchase of National Savings Certificates or transferred their deductions to a Post Office Savings Bank Account, thereby the Deduction Scheme provides fuller facilities and enables the employees to form regular Savings Groups with a view to gather greatest sums of money for the Nation from large number of small contributors. If the success of this scheme is to be achieved, it is essential that all Employers or Heads of the Offices should satisfy themselves that every encouragement is given to the Savings Campaign in the organisations, firms, mills, offices or places of employments under their control, and the fullest possible facilities are provided for the employees to make their own contributions.

(*b*) Under the category of Class II investors, Municipal Committees, Local Bodies, Registered Co-operative Societies, Charitable Institutions, etc., generally invest their surplus funds in the securities under the Small Savings Scheme.

(*c*) The class of investors under the third category is not easily attracted by the securities provided under the Small Savings Scheme for the following reasons:

(*i*) They feel that their money, if invested elsewhere, would secure much higher yield and quicker return and the period of 10 to 12 years is considered by them too long to wait.

(*ii*) The lock-up period of 12 to 18 months under some of the securities does not appeal to them.

(*iii*) They feel that their money is locked up, as they cannot raise any loan against it in times of emergency, when they would require this money to carry on their business.

(*d*) It is observed that these big Agriculturists, who have their residences in big cities, usually take the position of money-lenders for their respective villages. By long tradition they advance money to the petty cultivators at the time of sowing or for the prchase of live-stock whenever necessary, and immediately after the harvest recover their capitals with an interest of 25 to 50 per cent. Thus these big type of cultivators make good earnings on this method of advancing loan to the villgers and, therefore, the Small Savings Scheme does not atttract them.

Contribution to Small Savings in rural areas:

In rural areas there are two classes of persons from whom Savings can be tapped:

(*a*) Cultivators who cultivate their lands and also reside in the villages, and

(*b*) Agricultural labourers, artisans, etc.

It is possible to draw Savings from these two classes of people at the time when their harvest is reaped and sold in the market. In this State there are two harvests "Kharif" and "Rabi". From December to February, there is 'Kharif' harvest and from April to June, there is 'Rabi' harvest. It is not possible to pursue the villagers for Savings in this State during the remaining period of the year, as the villagers do not make steady income like the townsmen throughout the twelve months of the year.

The majority of our rural population have not stepped inside a Banking Institution of any type . Among these village folks, if some of them desire to save, they will have to walk some miles to find out the Post Office, wherein they could deposit their tiny amount. It will be certainly to the benefit of these scattered millions, if their Small Savings could be mopped up against rainy day by providing them the necessary Savings facilities. Opening of Branch Post Offices with Savings Bank Account facilities in these villages is of utmost necessity to make the Small Savings popular in the rural areas. It is, however, gratifying to note that the Government of India, have now launched two "Rural Agency Systems" on commission basis, viz:

(i) Appointment of Extra Departmental Branch Postmasters as Authorised Agents, and,

(ii) Appointment of Gram Panchayats as Authorised Agents.

The State Government with its Directorate of Social Welfare will be giving all possible assistance to push up this Scheme. But voluntary efforts by the social workers and the public in all areas of this State will go a long way to push the Scheme. Our educated young men should also take a lead in this matter, for it really means the rural up-lift work.

Minimum contribution to be contributed

The Small Savings Scheme, it is understood, in the beginning aimed at an average Savings of 3½ annas per month per head. The minimum contribution on an average per head per month could be suggested to be 5% of the total monthly income of a person or the land revenue paid by him.

Q. 2: *In the State of* Madhya Pradesh, there is a National Savings State Advisory Committee, with the Finance Minister as Chairman. It is reported that Amravati *district (Berar) is one of the comparatively* successful districts in the State. There is a District Advisory Committee, with the Deputy Commissioner as Chairman, *under which are a number* of Tehsil Committees, representative of Trade interests and Officials of the Departments who have allied intererests in the Scheme. These Committees in the district, besides forming "Savings Groups" assist in recruiting suitable Authorised Agents.

The procedure has been to visit and make approaches to the propective *investors* in:

(i) Government Offices,

(*ii*) Educational Institutions like Schools, Colleges,

(iii) Mills and Factories,

(*iv*) Certain Municipal Wards, and

(*v*) Associations of traders and merchants.

As a preliminary, the Organiser of the Small Savings Scheme calls a meeting of the members of a particular Office or Firm and invites them to furnish a list of their Members who will join as regular savers. In this meeting, the Scheme is explained and the members are asked to state how much each would personally like to invest in National Savings Certificates and/or *National Plan Certificates*. The announcement of the investments is made by some of the office bearers of the Committee so that their good example may create an impression upon other persons within their jurisdiction who are then requested to follow suit. This system worked efficiently as is proved by *the fact that since it was introduced*, monthly Group Members and their sales steadily increased from year to year and in the year 1954-55, the District Organiser, Amravati, *meritoriously came* in the Honour's list of having conducted the largest number of 46 Savings Groups.

The District Organiser also prepared the lists of prominent businessmen and contractors from the Telephone Directory and from the Assessment list of the Municipality and approached them systematically from ward to ward covering the entire town of Amravati and then gradually spreading into the tahsils. The system of house to house canvassing was

very effectively worked and brought about substantial investors from individuals which also increased the sales of the district from year to year.

In every Financial Year, State Government was requested to co-operate in the "Small Savings Fortnight" devoted solely to the intensification of the efforts for the Small Savings Scheme and sales of National Savings Certificates, National Plan Certificates and other securities. During this period efforts were also directed towards the encouragement of investments in Post Office Savings Banks. Suitable directives were issued every year by the State Government to all the Deputy Commissioners in the districts, stressing on them the need for the greatest possible efforts to be made by them and their Committees within their districts and secure as large collections as possible during the Campaign period. A detailed note of planning during this Campaign, prepared by the Regional National Savings Officer to the National Savings Organisation was also sent to them to chalk out the programme for their own districts. Such Drives usually conducted during the month of January, February or March, attached considerable importance to the Movement in the State and most of the districts did very well.

An important occasion worth mentioning is reported to be of the Opening Day, *i.e.*, 10th May 1954, when the first National Plan Certificate was sold to the first subscriber, Late Shri P.L. Bhagat, the then Deputy Finance Minister of the State, by the Postmaster General, Central Circle, Shri Sajanani. This ceremonial occasion at the General Post Office, Nagpur, was attended by prominent citizens and ladies, who visited the postal counter on this opening day. There was a long queue of the subscribers. Among them were top Government Officials like the Finance Secretary, Deputy Commissioner, Director of Information and Publicity, Secretary, Women's Committee and many others. On the very Opening Day of the National Plan Certificates Rs. 11,725/- were collected in Nagpur and the example given by the leading men of the town in purchasing these Certificates at the postal counter, in a sort of procession had very encouraging effect on the public in general.

Q. 3: A new line of approach may be suggested, namely, stressing of specific homely objectives, by educating the people, say, if a person has a child of 3 years old, in 17 years he will marry and in the twilight of the investor's life, will come the financial demand to meet the marriage expenses of his son or his start in life. Surely it would be better to invest, when a child is small. As years pass, the original sum will be available plus 50% and the haunting fear of the future for the parents will have passed.

A new line of approach could be made to the people by bringing home to them the achievements of the First Five-Year Plan throughout the State and also the vital and more effective role of public participation in amaking the Second Five-Year Plan a success. It will be necessary to educate the people about the Plan and create among them the sense of participation in its implementation.

Q. 4: It is reported in this State that with the co-operation of Director of Agriculture, the villages called Warud and Jarud in Morsi Taluqa, District Amravati (Berar), formed into an Agricultural Association and through this Association every cultivator was requested to deposit money in

advance, if he desired to consume electric energy for agricultural purposes. The cultivators were approached by the Small Savings Organisation for depositing the lump sum amount to get the current first in their area and accordingly they were attracted to the Scheme, and as they felt the necessity of power very badly for productive purposes, like working of electric water pump, power loom, etc., every one advaned money spontaneously and the cultivators through their Association put their money into National Savings Certificates. The amount collected in few months only from these cultivators totalled to about Rs. 1 lakh in the year 1952.

The main object in pointing out this instance is that if the villagers are asked to give their savings for any specified object for their general welfare or for the welfare of their village, this acts as a great incentive to them. It is, therefore, observed that to put through any local development scheme in a particular area covering certain villages, offers a real incentive to the villagers of that area to draw out spontaneously their savings to accomplish this work, which will be for the benefit of these rural masses.

Q. 5: Besides the Regional Organisation which is run by the Government of India in each State with their own staff, which in this State consists of:

(*i*) 1 Regional National Savings Officer,

(*ii*) 2 Assistant National Savings Officers,

(*iii*) 19 District Organisers, and

(*iv*) 2 Lady Organisers,

the Government has constituted a Committee to be known as 'National Savings State Advisory Committee, Madhya Pradesh for intensification of the Small Savings Movement in the State on 24th August 1955, with the Finance Minister as the Chairman, and the Regional National Savings Officer as the Ex-Officio Secretary.

District Advisory Committees, with the Deputy Commissioners as Chairman, are also formed in almost all the districts of the State, who have observed State-wide Savings Drive throughout the State. Tahsil Committees are also in the process of formation. The Members of these Committees comprise both officials and non-officials, the latter predominating, and the non-officials are influential persons, representing various interests such as, Industry, Mercantile, Labour, etc.

It is hoped that these Committees will be a great asset to the Organisation to advise and guide on matters relating to the Scheme, and in particular, to suggest ways and means of popularising Small Savings investments and improving collections.

From the experience gained by the working of the National Savings State Advisory Committee in this State, it is felt that the Planning Commission has made a welcome move to constitute a National Savings Committee in the Centre. This Committee will give great fillip to this Movement, in as much as, to create and maintain throughout the country a vigorous Organisation for he purpose of educating the public in 'Savings'

for the benefit of the country and the individuals, through the investments in Government securities and the deposits in the Post Office Savings Bank under the Small Savings Scheme. The Committee may be composed of Members appointed by the Government of India. Certain Government Departments and other Organisations, whose interests are allied to those of the National Savings Movement, may be invited to name the representatives. To form a link between the Central Committee and the State Committee, one member whom the State Committee considers fit, may be co-opted as a member on the Central Committee. Members of the Committee may take steps to ensure that all voluntary workers, and the public throughout their own areas, are made to realise that support for the Savings Movement is now as urgently necessary as ever.

It is felt that these Advisory Committees right from the Centre to the Tahsil tevels would be suitable Organisations to advise and guide the Campaigns for Small Savings.

Q. 6: Psychologically, this factor may appeal to the investor more than the actual investment scheme at present prevalent. Unless the fuller details of such a scheme are made available, it is regretted, no opinion can be given at this stage.

Q. 7: Customs, traditions and habits come from generation to generation. They strike their roots deep into our minds and become a part and parcel of our nature. Some of these age-old traits are good and we should respectfully preserve them. Women in India are known to be frugal, simple and economical. They know the value of Savings. Crops are sold twice a year and money comes in twice a year. Father brings certain amount of jewellery and mother wears it. In those days whenever money was required, mother took off a peace of jewellery and sold it or pawned it at Baniya's shop, and the jewellery that remained with the mother when the new crop was sold, formed the family's Savings. We ought to be grateful for this age-old trait in women, who insisted upon Savings. They have certainly done their duties. It is now our duty to make them understand that "It would be right to save, but it would be all the more essential to choose the right way in which to keep the Savings". This right way is one, which keeps the money safe and makes the money grow and this point is to be brought home to the women folk, emphasising on them that the Savings is a good habit, but keeping the Savings locked-up in jewellery, *i.e.*, in an unprofitable way, is a bad habit.

To give this education to the women folk and carry this message to every rural house-hold effectively, can be done only by the Gram Sevikas, who would be spreading out throughout the nook and corner of the country. The Social Welfare Board conducted by the women social workers within their zonal areas can also do a lot in propagating this Savings habit and thrift movement among the women of villages.

Q. 8: The medium of films is extremely useful to collect and hold the audience, particularly in the rural areas. Of course, colour films are far more effective. Films may be of standard size and also of 16 mm. The standard size films are useful for all occasions and can be produced to be shown in all the cinema theatres throughout the districts of the State.

These cinema shows in the villages have proved to be most popular and in some ways they are the best of all the means of spreading the message of the Scheme. Villagers love cinema shows and will sit and watch it all night. The production of good films require special encouragement and organisation. If necessary, prizes must be offered for the best story written and it must be scrutinised by experts.

At present one mobile van is supplied to each Regional National Savings Organisation and it is essential that the allocation of more number of cinema vans should be made to each State, as this is one of the effective methods of attracting the people particularly in the rural areas. Interesting films giving stories depicting the advantages of thrift in a skilled way should be produced and shown in the villages where the Scheme is to be operated. The Organisers or the propagandists, thus, get an opportunity, while exhibiting films, to speak to the rural masses on the Scheme.

Q. 9: Specially prepared features on the Small Savings Scheme in the regional languages may be broadcast in the rural programmes, children's programmes, and ladies programmes, oftener.

Brain Test, quizz, symposiums may be broadcast, containing in it, useful information on the Small Savings Scheme.

Talks by prominent persons, or representatives of people of different vocations and by Members of Small Savings Committee and Organisation, say, once in a month, if arranged may prove very useful.

Q. 10: Villagers mostly have insecure houses with thatched roofs and mud walls. Since they have always to stock grains in their houses, it has been found that the rats become a source of very great nuisance to their belongings and there is always the fear that the Certificates which are issued to these village folks are exposed to danger from the rats as well as from the white ants. To overcome this difficulty of these holders of the Certificates, particularly belonging to the rural areas, it has been suggested that the metallic tokens should be given to the holders instead of paper coupons. This difficulty is very true and can be appreciated. Metallic tokens will definitely be an improvement on the paper coupons. But the issue of a metallic token might involve certain technical difficulties and some accounting complications in the Post Offices. If this can be straightened and adjusted by the postal authorities, it will do immense good to the rural population. It could also be suggested as an alternative measure to consider that some sort of non perishable receptacle — a sort of container, could be produced at cheap cost and provided to these rural investors.

Q. 11. The Movement must rely to a large extent upon the support of wage-earners in order to make most effective contributions towards the need of the country for Savings.

Conditions vary widely from town to town and it is not possible to lay down hard and fast rules as to the correct make-up of a Savings Organisation on the Industrial side. It is suggested that the Local Savings Committee can attain a high standard of Organisation in the places of employments, if they are actively helped by the Industrial Sub-com-

mittees, which could be constituted in these places. Its constitution will, however, depend on that adopted by the parent body—the Local Savings Committee. But it will be essential that this Industrial Sub-committee should be truly representative of the Industries of the town, and the members should be drawn from:

(*a*) Representatives of Managements,

(*b*) Representatives of Trade Unions,

(*c*) District Officials and the Officials of the Regional National Savings Organisation.

The objects of this Sub-committee should be:

(*i*) Savings Groups in every place of employment with, say, more than 10 employees.

(*ii*) Complete Savings facilities in every Savings Group.

(*iii*) 100 per cent Members to Pay Roll.

(*iv*) Maximum Savings per employee.

Savings by voluntary deduction from pay can usually be regarded as right basis for Savings Groups. A regular deduction from pay, however, obtains directly a proportion of the potential Savings of the wage-earner. A comprehensive Savings, therefore, should provide deduction facilities for the purchase of National Savings Certificates or for depositing in Post Office Savings Bank Account. In such Deduction Schemes, it will be necessary for the employee to sign a form requesting that a stated sum be deducted from his pay, the deduction to continue until it is countermanded by the employee concerned.

Naturally full results cannot be obtained merely by the provision of facilities for Savings. The idea is to be put to the works people in an effective way, with the fullest use of internal publicity and propaganda of all kinds. Advice on the best methods to use and on the best way to put over the Scheme could be obtained from the Regional staff of National Savings Organisation, who will be on the Industrial Sub-committee, always anxious to help.

Since wage-earners in the places of employment belong to the Industrial areas mostly in the urban cities, the difficulty suggested in Question No. 10 may not be so greatly felt here. Giving metallic token, however, will be certainly more convenient.

Q. 12: The villagers who generally bring their grain and cotton produce at the "Village *Mandi*" after harvest, sell their produce in the market and return with their cash money, travelling miles to reach their destination back. It will certainly be beneficial to the villagers to invest their amount in the Post Office of the market place and to be free from any risk of being robbed of the amount that they carry on their person. This will certainly bring in some aditional Savings from the rural sector.

The only effective way of organising these market areas is to have

efficient and suitable Authorised Agents who should be mostly recruited from the class of brokers (Adhatias), as they are called in this part. These brokers are the persons through whom the sale of the commodities of the villagers is made in the market and money transactions between the vendors and vendees are carried on by these very men. A special Organiser could be deputed, who with the help of the local Revenue Officials, should be able to organise this field. Normally it is seen that these brokers are not tempted by the existing rate of commission of 1 1/4% and do not show keenness to take up agency. In the beginning, the Revenue Officials, therefore, will have to use their good offices to assist the Organiser in securing this type of agents.

Q. 13: Funds belonging to temple properties are under the Trusts. The Deputy Commissioners, as the Registrars of these Temple Funds have been instructed to advise the Trustees to invest their funds in part or in full in the securities under the Small Savings Scheme. But it is found that Temple Trust Funds are accumulated in huge amounts in number of districts and have been so far invested in non-Governmental securities. Very little from these Charitable and Temple Trust Funds have been invested into Government securities, as most of the money is lying with the private persons from whom it cannot be easily obtained without civil litigation. It is, therefore, suggested that if a legislation like the Madras Religious Endowments Act is made applicable to these funds, it could also bring in additional money under the Scheme.

Q. 14: The system of Mobile Collecting Agencies is considered unsuitable for the sort of extensive campaign to be carried out throughout the area in this State. A mobile van will have to be fitted with a Treasury Safe and will also have to carry the postal staff and the Police Guard to guard the cash collected in the event of purchase of Certificates in the villages. It has also not been found very convenient in cerain districts as inadequate communications still exist and the van cannot easily move throughout the nook and corner of certain districts.

The best method recommended would be to authorise the Village Branch Postmasters to transact Post Office Savings Bank business and sell National Savings Certificates. This arrangement would be most convenient and would produce the desired effect.

Q. 15: With the nationalisation of Insurance, a very large number of expert and experienced canvassers are now available to Government. Their services could be best utilised with a view to popularise this Scheme also. The following few methods may be suggested, out of many other possible ways of utilising them:

(i) Every Insurance Company be appointed as Authorised Agent on the same terms and conditions as Banks are appointed and they should be asked to popularise this Scheme. Every Insurance Company will be able to set its Organisation at this work, in addition to their usual duties without incurring any additional expenditure.

(ii) As at present, the Insurance Companies advance loan to policyholders, against their premium deposits at certain rate of interest. It should be made compulsory for every Insurance Company to advance loan to the policyholders for investment in Small Savings at a cheaper

rate of interest. This will also give an impetus to the policyholders to invest in these securities.

(iii) Insurance is a well spread trade organisation in this country, taking in its fold, a huge number of persons as its employees. These companies should advance interest free or low interest loans to their employees for investment in Small Savings securities and recover the same in easy instalments spread over a period of a year or two. In the event of any employee failing to repay, the company will retain powers to encash these Certificates and recover the amount standing due.

Q. 16: It is observed that a villager is always making excuse that he could not cut down his expenses as he is compelled by customs to spend certain sums on family ceremonies. There are times when even the poorest of the poor is to indulge in certain ceremonies, which customs have handed down through centuries as ordained, and no poverty on earth will stand in the way of money being obtained from money-lender on higher rate of interest, some way or the other, to carry out the orthodox conventions. This borrowing of money for unproductive purposes by a villager, instead of confining his business strictly to finanse his agriculture and development of his lands, is detrimental to his own interest.

A villager must be taught to keep money and pay cash for everything except genuine financing of his agriculture or whatever else it may be, by which he earns his livelihood.

The Savings Bank or Co-operative Bank or Thrift Scheme must be made familiar to him. The object of Savings must be taught in every School, College, Boy Scout Troops, and Army Units until it becomes second nature.

Q. 17: It should be the aim of the Organiser of the Small Savings Scheme or the Authorised Agent of the Scheme to approach on the occasion of the birth of a child in the family or on the occasion of marriage in the family for getting the money invested into any one of the suitable securities under the Scheme and persuade the party to make a profitable provision for the child as well as to the newly married couple.

It is difficult to countenance the age-old customs and persuade the parties concerned to minimise their expenditure on such ceremonies and put it into Savings. But by slow and continuous process it may be possible to attain certain amount of success, which cannot be very appreciable in the beginning.

Q. 18: The Small Savings Movement in the United Kingdom is said to have developed into huge organization by August, 1944, when there were more than 3 lakhs Savings Groups. Each group leader canvassed the members, living in his street, or part of the town, or countryside. In India also, the Small Savings Scheme is intended to teach the masses the "Savings Habit" and the Authorised Agents are employed on commission basis to canvass in the localities. But it is being realised that a large number of suitable Authorised Agents could not be found, who could be expected to work on voluntary basis, like the group leaders in United Kingdom, although they are remunerated for their work by commission. It is very necessary that the Authorised Agents should

work zealously and patriotically and should consider that they are performing an honourable duty towards their country-men. It is observed that under the most favourable circumstances no one Agent could regularly cavass more than 2,000 to 3,000 persons, of whom perhaps, 1,000 to 1,500 might be induced to become regular small savers, who will require at least one visit once a month. It is, therefore, of great importance that the Appointing Authorities in the State should endeavour to appoint sufficient number of Agents to cover every area, as limited staff of the Organization can hardly cope up with such large field.

It has already been suggested in reply to Question No. 4 that the local development plan with specific objectives for the benefit of that particular area can alone attract Savings from the people of that particular area.

Q. 19: Although Savings is not much of a technical subject, it will be useful to have a training camp of all the National Savings workers within their State, where the views and experiences of different workers in the different areas can be exchanged and pooled into one to evolve a more effective method to organize the Scheme. An experienced Officer could also impart to the trainees the different methods of successfully organising a district, the creation of field, the talking-points, the prospecting and following through on the job, etc.

The publicity of the Scheme, I understand, is carried out by the Information & Broadcasting Ministry. This is the only technical portion of the subject, which should not be neglected by the local personnel of the Organization. To neglect this aspect of the Scheme would mean short sighted economy. A well organised publicity greatly increases the progress of the work. It is, therefore, suggested that the staff of the National Savings Organisation, within their regional areas, should receive certain training to publicise their own mission effectively. It is one thing to have a message for the public. To deliver that message effectively is quite another and the technique is to be specially learnt and, therefore, the personnel who are trying to teach people new ways of thrift and trying to popularise new things should receive definite training in publicity methods and technique, and the National Savings Organization, would do well to organize its regional publicity side carefully and systematically.

Q. 20: Some form of identification is considered essential in the interests of the investors themselves. For example, the investor is already protected in the event of loss of his certificate and full provision exists for the issue of Declaration in lieu for the loss. If, however, there is no Identification slip, it would not be practicable to continue the provision for the issue of the Declaration in lieu, in the event of the loss of certificate. The illiterate investor would have no protection, if his certificate is lost or stolen.

It is also thought that any other form of identification will, however, encourage unscrupulous people to persuade the illiterate holder to part with the Certificates at a discount. It is for this, a form of identification is necessary and the presentation of certificates is subject to restriction which deter any unscrupulous person from buying these certificates at a discount and presenting them for payment to themselves at the post office.

If it is intended that the investor should be able to encash the certificates at any time after purchase without any protection for identification and restriction as to the minimum period of non-encashability, this would, of course, convert the N.S.Cs, N.P.Cs, virtually into the bearer security, which would be contrary to the whole basis upon which the Small Savings Scheme is designed.

Minor officers of the post offices are inclined to be meticulous in the application of rules and procedure and do not always adopt the attitude how best they could help the depositors and are inclined to emphasize the unimportant technicalities to the annoyance and inconvenience of these depositors. There should be maximum possible help and guidance both from the National Savings Organization and from the postal Heads so that any difficulties in the way of the depositor could be solved, but certain amount of check is necessary by the Post & Telegraphs staff in the interest of the depositors themselves.

Q. 21: It has already been suggested in reply to Question No. 5 that Committees, consisting of majority of non-officials, representatives of different sections of people, trade, business in the respective areas, should be able to draw in co-operation and active assistance of the non-official agencies.

All cases in which exceptional energy and zeal have been shown by any non-official in connection with the work of Small Savings in his own area, where it is considered that this non-official should be rewarded by certificate of merit, letters of appreciation, etc., recommendations may be made supported by brief statements of the reasons for the recommendations which should usually be based on:

(i) Individual canvassing made by the persons concerned during the year;

(ii) Help rendered to the local Organization and the result of the number of groups recruited in his area with the amount of Savings.

(iii) Any particular efforts made to popularise the sale of certificates to the public.

In the case of local officers, other than belonging to the National Savings Organization, the good work done by them should be rewarded by suitable remarks in the confidential records and the recommendations should be sent to the Head of the Department concerned. In the case of non-officials, it may also be useful to suggest that cash rewards or useful gifts in the form of pens, watches, etc., could be awarded.

DR. SAMPURANANAND, CHIEF MINISTER, UTTAR PRADESH:
REPLIES TO QUESTIONNAIRE

Q. 1: Possible sources of investment in Small Savings Schemes are given in Annexure I, which is a list of such sources. This list applied mainly to urban areas.

In the rural areas it would be necessary to take the help of the Development and Co-operative Departments in organising Savings.

The amount of minimum contribution from the various sections given in Annexure I, will vary. As far as securities of contractors are concerned, we may ask for 100% investment. In funds of temples and other bodies, we should aim at 75% investment, of surplus funds after meeting the needs of the temple. Under 'Trader and Vocations' we should aim at 50% of the monthly income of business classes or, in other words, one-twenty fourth of their annual income. This percentage will, of course, decrease in the Savings Groups organised in Government offices and professional classes, such as lawyers and doctors, where an investment of 30 to 40 per cent of one month's pay will suffice for the whole year. In schools and colleges there should be no minimum limit and even small amounts of Rs. 5/- and Rs. 10/- would be acceptable.

Q. 2: Specific areas of the districts are not so prominent as specific districts in the State. It is obvious that industrial areas are always far more savings-minded than agricultral areas. A great deal also depends upon organisational methods in a particular area. In fact, the Small Savings Campaign is still in its infancy and good organisational methods make good areas.

Q. 3: The present publicity programme organised by the Government of India can be improved. It is suggested that funds should be placed at the disposal of the various State Governments in order that they may organise their own publicity campaigns. Some centralised publicity may still be necessary, but the bulk of the publicity must be in regional languages and with local appeals. All forms of publicity should be used, viz., the written word, the spoken word, audio-visual methods, radio, etc. Appeals by Central and State Governments and even local leaders will have a good effect.

Q. 4: There have often been demands from District Officers to the effect that Government should make an announcement that Savings will be earmarked for local development projects. Actually this State Government took up this matter last year with the Government of India. The tying up of investments with the financing of local projects will certainly be beneficial.

Q. 5: This item deals with the services of Advisory Committee. Such Advisory Committees have already been formed at district level and tehsil level, vide Annexure II. Steps have also been taken to form a State Advisory Committee. It may be necessary to form further Committees at Block level in the National Extension Service Blocks. The Committees, as mentioned above, have been working satisfactorily, although it may be necessary to add representatives of the Post Offices to these Committees.

The formation of a Central Advisory Committee on Small Savings will be an asset.

Q. 6: No comments.

Q. 7: Women Savings Committees have been started in some towns of Uttar Pradesh. They have met with partial success in the cities but have so far not been able to tap the rural areas. It is difficult to envisage any effective way of spreading the Savings habit among women in the rural areas. Women Development workers have the large task of bringing out women in the rural areas for social and development programmes.

If, at the same time, they have to convass for financial investments, the development programmes will be seriously hampered.

Q. 8: Films will form an excellent medium for the intensification of the Savings Campaign and should be used extensively. These films may be shown along with other films of a developmental nature both in urban and rural areas.

Q. 9: The Radio is also a good medium for encouraging the Savings habit. Savings Publicity and Information should form part of Rural Programmes.

Q. 10: No special advantage can be envisaged by issuing metallic tokens instead of paper coupons, as at present. Presumably, metallic tokens would be a means of better preservation than the paper coupons. This could easily be done by the issue of plastic containers rather than changing the paper coupon system itself.

Q. 11: We have already tried this system of deducting a certain amount from wages on pay days. Of couse, all this has to be done voluntarily and only those persons who volunteer to have deductions made from their salaries will join the scheme. Very often the scheme fails because the initial deductions are too high and persons cannot keep them up. Such schemes are at best an introduction to the Savings habit and should be kept small.

Q. 12: This scheme will have to be tied up with definite marketing policy. In those areas where co-operative markets are organised, it is very effective indeed, but in private markets we have not been able to achieve any spectacular results. In cane areas where we have regular co-operative marketing of cane, great success has been achieved, but in other *mandis* practically nothing has resulted. In co-operative marketing areas the co-operative societies have themselves appointed agents for this purpose. In private *mandis* at best we can ask the person incharge of the *mandi* to become an agent, although this will leave the door open for abuse.

Q. 13: Temple properties are certainly a great source of potential Savings and we have tried to tap them wherever possible. Legislation would be helpful.

Q. 14: Mobile Savings Vans and Banks will certainly bring the Savings Campaign much closer to the rural investor. In the long run they will do well as they will offer additional facilities and also greater publicity to the Campaign. At the beginning they will not make much difference as it is only when Savings consciousness grows that these mobile vans will be of use.

Q. 15: Certain Endowment Schemes can profitably be taken up. At present there is no Small Savings Scheme whereby a lump sum is available on maturity for regular monthly investments. At present if one invests Rs. 100/- a month in National Savings Certificates or National Plan Certificates one gets monthly returns after the period of maturity. No lump sum is paid. The Life Insurance Business, now nationalised, may usefully take up Small Endowment Policies.

Q. 16: *Some wasteful expenditure is associated with marriage, birth and death ceremonies. Part of these ceremonies are religious and may be difficult to tackle. Social obligations on these occasions are also very heavy.*

Another form of wasteful expenditure is the purchase of gold and jewellery. This practice leads to the hoarding of wealth in unproductive forms. This should gradually be discouraged by increasing public consciousness.

Q. 17: It is a good idea to suggest that presents and dowries, where given, should be in the form of Small Savings Certificates. Success can be very great as this will appeal in most cases to the father of the bride, but it will require examples from top-ranking leaders, industrialists, etc., before we can get the man in the street to agree to this.

Q. 18: One of the main defects in the present Small Savings Campaign is that the State Governments have now been given the main task of increasing investments whereas they have been given no control over the field staff appointed and controlled by the Government of India, This results in dual organisation in the State itself and unless this is radically changed, no great success can be visualised. The State Government has no staff in the districts and all district magistrates feel that the district organisers (Government of India staff) should be placed under their administrative control if they are expected to achieve good results. At present district organisers are transferred without consulting either District Magistrates or even the State Government. Often these transfers are made at crucial times when an Intensive Drive is about to begin. *It is very necessary that all the staff working in the State should be placed under the control of the State Government.* The Officer-in-charge of the Scheme at State level may also work under the National Savings Commissioner, but at State level there must be unified control.

Suggestions regarding publicity methods have already been given above. Widespread newspaper reporting of achievements in Small Savings is also necessary. It would be beneficial if Sunday newspapers invariably devote a paragraph showing achievements in Small Savings during the week.

Q. 19: National Savings staff are unfortunately of very poor quality. They were recruited at a time when National Savings was only a very minor matter. With the intensification of the Campaign both at Government of India and State level, we find that most of the persons do not appear to be up to the mark. It is believed that this opinion will also be shared by the National Savings Commissioner, as he has recently terminated the services of several of his employees. Many of the present employees do not have the necessary drive to pursue the Campaign vigorously and to maintain a close watch over it. They are often too old to have the necessary physical fitness for heavy touring. It is, therefore, necessary to conduct some 'in service' training of the present employees and weed out those who are found to be inefficient.

Q. 20: *All Savings Schemes should have three attributes:* They should be EASY TO BUY, EASY TO HOLD and EASY TO CASH. *Unfortunately most of our schemes do not have these attributes.* They

are largely conducted by the postal authorities who do not have any incentive for this work. They feel that this work is an addition to their normal duties and not an integral part of their work. They are not actively interested in increasing investments and more often than not act as a brake to any intensive drive. The man in the street is not attracted to invest as he feels that the difficulties he will experience both in the actual investment and, more important, in the encashment of his investments will negative any benefit which may accrue. There are instances where highly-placed Government officials of the status of commissioner have not been able to cash their certificates. The ordinary man is really very sorely tried. The present system is much too cumbersome and needs to be overhauled.

Post Office Savings Bank Accounts are much more difficult to operate than Commercial Bank Accounts although at all times we are trying to persuade the small investor to invest in the Post Office Savings Bank. In the United Kingdom the small investor invariably goes to the post office where all facilities are provided to him and he can effect withdrawals with the greatest ease. This is, however, not true of our country. It is, therefore, necessary that all these cumbersome obstacles must be removed and the procedure should be simplified. A High-Power Committee may devote time to this problem and it is felt that, if these difficulties are removed, very large sums will be forthcoming particularly in the semi-urban and the rural areas.

Another suggestion is that National Savings Certificates and National Plan Certificates work may be done by the scheduled banks rather than the post office. As far as the Post Office Savings Bank is concerned, a separate cadre should be started in the post office and the banking business should be completely separated from other postal activities. In any case, there must always be a separate counter and somebody to advise, as in a Bank. It is perhaps redundant to say that if one goes to a commercial Bank, one gets some service from the Bank, whereas even if one has to invest one's own money in the post office, the officials concerned treat the investor as suspect.

Outside all these suggestions, it will of course be necessary to study the existing procedure in other countries where Post Office Savings Banks are flourishing.

Q. 21 : The best method of drawing non-official agencies to Small Savings work is for the National parties and National Organisations to issue appeals and calls for Savings to their subordinate branches. Besides this, it would be necessary for 'personal' example in the form of local processions to the post office or the Treasury where investments may be made. In the Dehra Dun District, we have achieved considerable success, due to the fact that the District Magistrate, the President, Municipal Board, and other non-officials all led individual processions to the post office in order to give impetus to the campaign. Personal contact is a very important feature of Savings, and both official and non-official agencies must keep in close touch with each other and also the sources of investment. It may also be a good idea to have Small Savings Parades and Flag Marches, as was done in England during the war. Actually, instead of parades, it would be preferable to have a pageant in the shape of a procession with floats indicating the benefits of Small Savings.

ANNEXURE I

Showing the possible sources for investment in National Savings Certificates

Some of the possible sources through which substantial amounts can be secured for investment in National Savings Certificates are given below:

(1) Conversion of Securities of all contractors of:

(*a*) P.W.D.
(*b*) Canals.
(*c*) Railways.
(*d*) Hospitals.
(*e*) Military.
(*f*) Forests.
(*g*) Jails.
(*h*) Police.
(*i*) Ration.
(*j*) Municipal.
(*k*) District Board.
(*l*) Cottage Industries.

(2) Funds of:

(1) Temples.
(2) Gurdwaras.
(3) Mosques.
(4) Charitable Trusts.
(5) Educational Institutions.
(6) Co-operative Societies.
(7) Corporations.
(8) Local Bodies.
(9) Red Cross.
(10) T.B. Seals.
(11) Hospitals and Dispensaries.
(12) Libraries and Clubs.
(13) Minors Entrusted to Their Guardians or Courts.
(14) Unit Welfare Funds of Military Personnel.
(15) Police Benevolent Funds.
(16) Railway Employees Benevolent Funds.
(17) Post-War Reconstruction Funds.
(18) Ex. Sailors', Soldiers' and Airmen's Funds.
(19) Village Welfare Funds.

(3) Trades and Vocations:

The following are some of the trades and vocations the members of which may be asked to form regular Savings Groups in their respective associations and to agree to invest something, however small, regularly every month in National Savings Certificates in addition to the funds of the Companies and Firms owned by them. The names of some of the institutions where Savings Groups can usefully be formed under the supervision of the office bearers of their respective associations are given below:

1. *Schools and Colleges*
2. Mills and Factories
3. Charitable Trusts and Associations
4. Grain Merchants
5. Libraries
6. Hospitals and Dispensaries
7. Joint Stock Companies
8. Commercial Establishments
9. Ration Dealers and Contractors
10. Hotels and Restaurants
11. Cinemas and Theatres
12. Distributors
13. Transport Companies
14. *Architects*
15. Motor Dealers
16. Cycle Dealers
17. Timber Merchants
18. General Merchants
19. Cloth Merchants
20. Jewellers
21. Paper Dealers
22. Lawyers
23. Doctors and Chemists
24. Kiln Owners
25. Furniture Merchants
26. Radio and Electric Dealers
27. *Iron and Steel Merchants*
28. Fountain pen and Spectacle Dealers
29. Halwais
30. Meat and Poultry Dealers
31. Ghee Merchants
32. Fruit Merchants
33. Taxi, Tonga and Rick-shaw owners
34. *Stationers*
34. Watch and Clock Dealers
36. Gramophone Dealers
37. Printing Presses
38. Newspapers and Periodicals
39. Excise Licensees
40. Shoe Merchants
41. Crockery Dealers, etc.

ANNEXURE II

It has been decided, in order to intensify this Campaign, to set up Small Savings Committees at State, District and Tehsil levels. These Committees will consist of the following:

At District Level

District Magistrate—Chairman, M.Ps., M.L.As., M.L.Cs., Officer Commanding Station, Presidents of District Board and Municipal Boards, Assistant National Savings Officer or the District Organiser, National Savings, all S.D.Ms., District Planning Officer, and D.C.O. Two Women Workers and three non-officials representing the business community to be nominated by the District Magistrate. One of the Deputy Collectors will be entrusted with this work and will be ex-officio Secretary.

At Tehsil Level

S.D.M.—Chairman, Local M.L.A.s, and M.L.Cs., Chairman, Municipal Boards and Town Areas, Co-operative Inspectors, Panchayat *Inspectors, a woman social worker, three important* non-officials represent-

ing the business community and three representing Panchayats to be nominated by the S.D.M.

The Chairman of these District and Tehsil Committees should take immediate steps to call meetings of the Committees and may co-opt as members any other persons considered suitable.

SHRI K. HANUMANTHAIYA,
CHIEF MINISTER, MYSORE

A NOTE ON SMALL SAVINGS

The raising of Rs.500 crores from Small Savings over five years in a poor country like ours is really a stupendous task. I welcome the proposal to constitute a Central Committee. The Committee should be a fully representative body. Not only all the States but important organisations functioning in close touch with the people such as the Co-operative and Women's movements also should be adequately represented on the Committee. Likewise, at the State level influential and representative committees should be constituted for maintaining liaison with the Central Committee and for keeping up sustained effort.

Savings schemes have till now been operated mainly in urban areas. They have to be extended over the entire rural area and worked intensively if the objects in view of mobilising Small Savings from a large number of people, and of making the public partners in the enterprise of national development, are to be achieved. A sufficiently broad-based organisation reaching down to the villages has necessarily to be built up.

In areas where Community Projects and N.E.S. Blocks are functioning the Block Development Officers and the Village Level Workers will be handy in organising the drive for collecting Small Savings. In other areas the co-operation of the village officers has to be enlisted on payment if necessary of a suitable remuneration or commission. The net-work of Co-operative Societies in the rural areas is ideally suited for collecting small amounts from a large number of persons in the villages. The Women's Organisations in each State may likewise be harnessed not only for collecting Savings from the womenfolk but also for spreading the Savings habit among them.

It would be advantageous to associate the Local Bodies with the Savings Campaign in their respective areas. The Taluk Development Committees which are now functioning in this State can also be of great help in organising the Campaign.

While the methods so far followed for raising money from Small Savings have to be continued and intensified, there is need for a fresh approach in raising money from the people in the villages. Our village folk respond best to personal and individual appeal. It is, therefore, important that the organisers of the Savings Campaign establish personal contacts with as many householders in villages as possible. The technique adopted by Insurance agents could be most effective here. A large number of agents of private Insurance Companies are likely to be displaced shortly as a result of nationalisation of Insurance. The services of these persons can be most advantageously utilised for the Savings Campaingn.

The average villager in Mysore has indeed very little surplus money

which he can save and invest. The most prudent among them do not have at one time more than a few annas which they can lay by. It would in the circumstances be desirable to revive the system of issue of Savings Stamps or coupons of 4 annas and multiples thereof, which was tried during the war-time. These stamps or coupons may at the option of the investor be allowed to be consolidated into Savings Certificates of the value of Rs. 5 each. In the case of persons of moderate means the rate of interest is an all important factor in inducing them to invest their Savings. I feel that for Small Savings up to Rs.50 the rate of interest may be one per cent higher than for sums above this limit. The popularity of the Small Savings Schemes is likely to be enhanced if the annual interest is arranged to be paid at the door of the investor. It is, therefore, for consideration if in the case of investors of Small Savings in rural areas the interest amount can be arranged to be paid on the due date at their homes by making use of the machinery of the Postal Department without charging any commission.

Another suggestion I may offer is to revive the Prize Bonds Scheme under which interest-free bonds redeemable after a period of 5 to 10 years are issued and prizes awarded on the basis of lots drawn every half year.

With a view to bring the advantages of the Small Savings Schemes prominently to the notice of the people in the villages necessary publicity may be undertaken at important *Mandis* and Fairs.

Finally, I would suggest that in fixing the targets of collections there should be an assurance that at least 50 per cent of the amount collected in each State would be allocated to it.

SHRI MOHAN LAL SUKHADIA, CHIEF MINISTER, RAJASTHAN: REPLIES TO QUESTIONNAIRE

Q. 1: In view of the diversity of methods by which savings can be effected, there is no need to rule out any section of the population, except the exceedingly low income groups, from the Savings Drive. In Rajasthan we decided that even students should be persuaded to save at least -/4/- p.m. in the form of Savings stamps. Similarly, the administrative heads of departments have been asked to see that even the lowest employees are persuaded to save. With regard to the question of Savings for the Government servants, we decided that employees drawing less than Rs. 150/- p.m. should be required to save at least one day's salary every month. That means that in this salary group approximately 3-1/3% of the emolument should be invested in the Small Savings Campaign. I think that in respect of the low income group we should not insist upon a saving greater than this. Of course, in the urban areas people should be persuaded to save on a much higher percentage of their emoluments.

Q. 2: The answer to this issue should be linked up with the answer to question No. 4 pertaining to the Rural Credit Survey Report's recommendation of earmarking Savings for local Development Projects. The Government of India as a special case decided that the collections made under Small Savings scheme in Rajasthan and Madhya Bharat would be made available to the two States for the Chambal Project. This has enabled the State Government to make intensive collections in the districts that are to benefit from the Chambal Project. So much so that it was

decided that 1/3rd of the betterment fee to be levied from the agriculturists of the area to be commanded by the Chambal Project be invested in advance in the National Savings Certificates. It is our experience that this kind of direct linking up of Savings with specific projects gives a great *incentive to the local population. As far as possible this policy should* be accepted as an ever broadening measure.

Q. 3: A house-to-house campaign in all urban areas and audio-*visual publicity in rural areas are the effective methods of pupularising* Savings. Emphasis should be laid on the popularisation of Small Savings in educational institutions and it should be decided to include a chapter on thrift and National Savings in the school text-books. This kind of activity makes the campaign, broad based. Of course, for larger collections large industries, Local Bodies, Rulers and Jagirdars receiving compensations from Government and all such persons as are covered by Government patronage of any character, should be asked to invest in the Savings programmes.

Q. 4: I have already covered this in my dealing with question No. 2.

Q. 5: In Rajasthan we have already constituted Provincial, District, *Tehsil and Town Committees. I think not very much requires to be done in* this direction. What is required is the more intensive follow up in directions which are clearly known to yield good results.

Q. 6: I do not feel that anyone had ever yet questioned either the security or the proper utilisation of Savings fund. There is thus no necessity to make any assurance or give any special guarantee.

Q. 7: The issue of spreading the Savings habit among women in *rural areas has posed special problems in Rajasthan because of orthodoxy.* I do not foresee any special improvement in the situation in the near future. The only method to tackle the situation is through the Social Education Officers working in the blocks and the Gram Sevikas who can contact the women in rural areas. A great difficulty is felt in convincing the women in the rural areas that investments in the so-called paper certificates are of a much better order than investments in silver or gold trinkets.

Q. 8: As already stated by me the audio-visual is easily the most effective method of popularisation of Savings *drive in the rural areas.* Publications and pamphlets serve no purpose in the rural areas. The medium of films should be more and more utilised in this direction.

Q. 9: Even the films that are prepared should be essentially of an *entertaining character. Only, they should* include the moral of Savings. It is easily understood that people principally come to be entertained and that it is only Government that *desires education with and through* entertainment. If this is kept in view it can be easily realised that this kind of entertainment is even more difficult to provide *through the radio.* As it is, our radio programmes are coming to be more and more instructive and less and less entertaining, the over-dosage of spoon feeding in *this direction* may result in a greater reduction of listening. As earlier stated by me emphasis should be on audio-visual publicity combining instruction with *entertainment.*

Q. 10: The issue of metallic tokens would be desirable only in rural areas where people find it difficult to preserve coupons. Attractive metallic tokens may also find greater enthusiasts among women in rural areas.

Q. 11: The issue of Savings by wage-earners should be treated in the same manner as Savings by students, etc. The only method of doing this is by issue of Savings stamps for deduction made from the wages disbursed and the pasting of these stamps on the card maintained in the name of wage earner. Wage-earners should be categorically assured that the card is being preserved for them. Wherever possible, the labour union should be entrusted with the custody of the cards on which Savings stamps are pasted.

Q. 12: Except for general intensive propaganda, no concrete steps of any specific nature other than steps elsewhere can, in my view, be taken in *Mands*, etc.

Q. 13: I strongly commend the Madras Religious Endowments Act for uniform application all over India. I have a feeling that the temple properties constitute a large potential source of Savings.

Q. 14: The role of Mobile Savings Vans and Mobile Banks can be effective only in very selected areas. For example, in Rahastan where the Savings were directly linked up with Chambal Project, Mobile Savigns Vans were organised only in the area that was to be commanded by the Chambal Projects. Hence these Vans, as they always imply large overhead expeses, should be utilised only in selected areas where it is obvious that an intensive drive will result in large savings. If employed in a routine fashion in large areas, the result will not be commensurate with the expenditure involved.

Q. 15: Here again, it can be ensured by Government that certain proportion of the premium derived from the life policies taken in certain areas would be invested in Capital Development Programme in that area. Since the Insurance business has been nationalised, it is not necessary to issue any guarantee. The linking up of Insurance business with specific projects in specific areas will be a great incentive for people to take up life policies.

Q. 16: No comments to offer.

Q. 17: The answer to this question may also be linked up with question No. 16. The birth of a child or the death of an elder, or a marriage, are occasions on which lavish expenditure is incurred. This often is the result of customs in the rural areas. It is not easy to switch over to Savings as a result of stoppage of this kind of activity. Only general propaganda can suggest that Savings Certificates or Treasury Certificates in the name of the child is better than to call the whole village to lavish feasts. This can be only done through social education and here also audio-visual propaganda can play effective part.

Q. 18: The main handicaps are the absence of rural agency system and the system of Treasury Savings Deposits being centralised at certainn points in States which necessitate remittance charges also. The investors are often harassed at the Savings offices by petty officials whenever drawals are necessary at short notice. This should be rectified.

Q. 19 : The Savings training should be made an essential part of the curriculum of the training of Village Level Workers and Gram Sevikas. Ever since the decision to appoint Government servants as authorised agents, it should be possible to utilise the services of Patwaries for Small Savings collections. In view of the fact that at worst an individual is only persuaded to save, any imputation of compulsion is meaningless. The training of Authorised Agents should be taken up along with the training of National Savings Workers. In view of the Life Insurance business having been nationlised, it should be possible to utilise the training methods of insurance agents for the training of Savings workers also. Certain Insurance companies had highly developed techniques of agents training. It should be easy for the Central Government now to organise training institutions for Savings workers, village level workers, Gram Sevikas and Authorised Government Agents.

Q. 20 : The rural agency system will greatly simplify the process of deposits. The main difficulty about drawal is the difficulty of identification. In this direction, the post offices may be directed to select a dozen or so respectable persons in the jurisdiction whose identification should be accepted by the post office without delay. This will greatly facilitate drawals and also save the rural investors from petty harassment by postal employees. Also, sometimes it happens that a sudden demand by a group of investors cannot be forthwith met in view of the paucity of funds in the rural post office. The postal rule should provide in such instances the remittance by the quickest means at Government cost to the rural post office from the nearest large centre, so that when an investor or a group of investors come forward to withdraw their deposits no delay whatever should take place.

Q. 21 : The best method of associating non-official agents is to appoint suitable Panchayats as authorised agents in rural areas. There is no need for certificates of merit, etc., as commission for collection is a sufficient attraction for people to work enthusiastically. Rajasthan Government, however, recently announced a prize of Rs. 1,000/- for the best play written on the desirability of Small Savings. These plays can later be utilised for stage or broadcasting, and even for films.

SHRI BRISH BHAN,
CHIEF MINISTER, PEPSU : REPLIES TO QUESTIONNAIRE

Q. 1 : Almost all the sections of the population, both in urban and rural areas of this region, would be able to contribute to Small Savings, provided a proper approach is made and the scheme explained to the common man in the street, through a well-planned, systematic and continued propaganda on more extensive and intensive lines. The present effort should be increased to achieve this objective.

The various securities set afloat under the Scheme provide a variety of denominations and the one conveniently suiting a prospective investor's pocket and resources can be selected. The choice ranges from -/4/- in the form of National Savings Stamps to the maximum limits prescribed in each case. The minimum per capita investment should be lowest denomination, *i.e.* -/4/- a month or roughly speaking on an average it may be Re. 1/- per family per month to make the saved amount admissible for deposit in the Post Office Savings Bank Account, the passbook being more

handy and attractive document for the illiterate populace. It is difficult to prescribe what minimum contribution should each section of the population be asked to contribute because it all depends on the capacity of the people to save and the manner in which they mean to invest their savings. For instance, a person in a lower income group. What is necessary is to inculcate the habit of saving and once this is achieved, the contribution is bound to be very encouraging.

Q. 2: It is not possible to give the names of the districts or tehsils in which the Small Savings Campaign has been particularly successful. However, it has been seen that collections in the districts and tehsils which are inhabited by big landlords and business men have been particularly encouraging.

Wherever a good effort has been made, the results have been quite worthy. Most of the collections have been through lump sum contributions. Vigorous effort to touch the maximum number of houses/families for stimulating Small Savings which would result in accelerating the rate of collections is the need of the day. The greater the attention paid to this aspect of the movement, the more appreciable would be the outcome.

Q. 3: Personal contact is the most effective way of influencing the people to induce them to contribute to Small Savings but it is not possible to approach each and every individual. Thus, so far as the personal approach is concerned, this can be done in the case of the influential people in the village or town. Influential persons in the town or village can also issue appeal or address the people about the advantages of Small Savings in public gatherings. For approaching these influential persons the Small Savings staff and the workers of social organisations like the Bharat Sewak Samaj can be utilised. The village Post Master, the village School Master and the village Patwari can be very useful medium for working as authorised agents for the sale of Small Savings Certificates. Propaganda through the medium of films and radio has already proved very effective and can continue with more vigour.

Q. 4: The people will certainly be encouraged to save and invest in Small Savings if the funds raised through such Savings are earmarked for local development projects, because they would have the satisfaction that the money invested by them is being spent for their own benefit, besides earning interest on the money invested by them.

Q. 5: The existing and the 12-13 years old National Savings Organisation at the State and District level which is working under the directions of the Central Organisation, is already carrying out the campaign quite satisfactorily and recording an appreciable increasing figure. This can continue to share this responsibility with an additional staff of Tehsil Organisers.

It may also be suggested that at the district level, an Advisory Committee consisting of all the Sarpanches in the District, the District Panchayat Officers, the Tehsildars and the S.D.O. under the Chairmanship of the D.C. will be a suitable organisation to advise in the matter of methods of raising money. At the State level, the organisation may consist of all the Deputy Commissioners, the Commissioner, the Development Commissioner, the head of the Panchayat Department

under the Chairmanship of either the Finance Minister or the Chief Minister. The organisation at the Centre may comprise the Finance Minister, Finance Secretaries, Financial Commissioners, and Regional or Provincial National Savings Officers, under the Chairmanship of the Union Finance Minister.

Q. 6: Yes.

Q. 7: As in the case of men, personal approach is the most effective way of spreading the savings habit among women. We have also got the Women's Savings Campaign but it is not practicable for the Authorised Agents to approach all women, particularly in the rural areas. In this respect the social workers like Gram Sevikas and Lady volunteers of non-official organisations like Bharat Sewak Samaj can be very helpful. Similarly the lady teachers can be of great assistance in approaching the women-folk individually or collectively at social or other gatherings. Such lady teachers may either be allowed to become Agents for the sale of National Savings Certificates or be induced to do this work on a voluntary basis. It is necessary that the organiser should be acquainted with the habits, social customs and language of the people where he is required to work. The most effective measure would be to induce the people to open Post Office Savings Bank Accounts in the names of the house-wives and children as also to maintain these accounts with a lively interest. The extra-departmental Branch Postmasters can be asked to help us in this matter so far as rural areas are concerned.

Q. 8: The medium of films, though expensive, is one of the most effective methods for intensification of the savings campaign. These films should depict the life of the people, who do not save anything but waste their money in bad habits like smoking, drinking, gambling and the consequent suffering of such people, *e.g.*, children crying for food, death by starvation or due to want of medical assistance to the sick, or no crop for want of bullock to replace the one which has died, and the condition of a person who gets his Savings Certificate encashed to tide over the difficulty. As the majority of our population lives in villages, we shall have to arrange for the exhibition of such films in the villages. Such films can, with advantage, be exhibited on occasions of cattle fairs and other functions. However, in order to make such films attractive to the people, they should also provide some entertainment like songs and dances.

Q. 9: Radio is good medium of encouraging savings habit among the people. Besides arranging special talks at intervals, we can have small plays in the regional languages. Similarly this item can be included in the Villagers' Programme.

Q. 10: In spite of the fact that paper currency has been in use in India for many decades, some of the people still have aversion for currency notes, knowing fully well that the purchasing power of paper currency is the same as that of coins. The idea of issuing metallic tokens to those who contribute to the Small Savings may be tried in the case of small investments of Rs. 5/- and Rs. 10/-.

Q. 11: The question of time and place where the contributions should be collected is secondary. The first thing to do is to convince the people to contribute to the Small Savings. After the ground for this has been

prepared, in the case of wage earners, deduction of their contribution at the source on local pay days would be quite suitable.

Q. 12: As stated in answer to Question No. 11, the first thing to be done is canvassing. For this a regular and constant personal approach to the cultivators to educate them in the fields about the advantage of the investment would be quite useful. Once the farmers are convinced that their investment would be quite safe and no risk is involved, it would be useful to have an organisation working in the village mandis after the harvest so that the investment is spontaneous at the time they take their agricultural produce for marketing. It would not be possible to do the canvassing in the Mandis because the villagers are particularly shy in the matter of investment and it is after mature consideration and a good deal of consultation that they actually decide to invest because they have always a fear that they may not be able to get back the money paid by them.

The actual collection of money to be invested in small savings may be left to the agents who have done the canvassing and who are entitled to get their commission. However, in order that some of the people may not change their mind at the eleventh hour, some of the small savings staff should be present in the Mandis at the time.

Q. 13: The Madras Hindu Religious and Charitable Endowments Act provides *inter alia* that the Government may make rules for the custody of money of religious institutions, their deposit in and withdrawal from Banks and the investment of such moneys. No doubt such a legislation will not only safeguard the interests of the religious institutions inasmuch as the savings accruing to such institutions will be safely invested in Govt. securities but this has also the danger of agitation against the Govt. on the plea of interference in the affairs of religious institutions and hence religion itself. However, much will depend upon the manner in which the managing bodies of the religious institutions affected will cooperate with the Government. If the managing bodies can be tackled properly and it is brought home to them that the proposal is in the interest of the religious institutions themselves and will at the same time benefit the public as a whole, the results may be quite satisfactory. In any case before such a step is taken, it would be worthwhile to make a survey to ascertain the financial position of some of the bigger religious institutions.

Q. 14: There is no doubt that the present method of investment in small savings is a little lengthy one and some of the investors hesitate to invest their savings for the fear of loss of their money owing to lack of trust in the agents. Similarly, the villagers do not want to have botheration of going to the Post Office for the encashment of their certificates. Mobile Savings Vans can be useful if people can purchase and encash the Small Savings certificates at their very doors, but before this is done, people should be fully prepared to invest and should be convinced of the safe investment. It would be futile to run these Vans unless people are ready to invest.

Q. 15: It would be quite useful if a majority of selected insurance agents are asked to compulsorily do propaganda and collection work of National Savings in urban areas. They should also be authorised agents for the Small Savings Scheme. It would not be desirable to create any

competition in rural areas as efforts are being made to develop the agency system of extra-departmental Branch Postmasters.

Q. 16: Unjudicious expenditure on marriages and other domestic, social, religious, and funeral ceremonies and on evil habits like smoking, drinking, gambling and unnecessary litigation and too frequent visits to cinemas are the main items of wasteful nature. Temptation for luxuries is a great weakness of human nature. This instinct has to be controlled gradually by education.

Q. 17: Birth of a child or marriage in the family are no doubt good occasions for getting contributions to Small Savings as one does not mind a little extra spending on such occasions when expenditure is already incurred on felicitations and ceremonies. But what is more important is that we should concentrate more on making the people savings-minded.

Q. 18: At present the Small Savings Campaign has not attained the position and status of a national movement. While the paid staff in the National Savings Organisation does its bit to achieve the targets fixed for the various States, as far as may be possible, there may be very few Authorised Agents who work whole-time in view of the fact that the rate of commission is very small as compared to the commission allowed on life insurance business.

Popularisation of development plans can certainly play some part in increasing the contributions, but this will be a slow and steady method as it takes time to educate the masses of the good that is being done to the country.

There is no defect in the present system of the Savings Campaign except for the paucity of the staff. With more staff alone we should hope to raise our investment figure.

Propaganda methods may be improved through:

(*i*) More contacts;

(*ii*) Regular personal approach by the paid staff assisted by authorised agents—commissioned staff of the National Savings Organisations; and

(*iii*) Addressing public meetings and gatherings.

Q. 19: The Savings Organisation is the most fitted institution for the training of National Savings workers.

Q. 20: As stated in answer to question No 14, some of the investors feel reluctant to invest their savings in the Small Savings, owing to the present cumbersome procedure of making the investment but the number of such people is by no means large. However, if the procedure of investment can be simplified like that of purchasing of a post card from the Post Office, this can certainly increase the contributions. However, in the case of purchase of Small Savings Certificates directly at the Post Office, the procedure is not so cumbersome as it is if the money is invested through an

Authorised Agent. Also the postal staff should be more courteous in their dealings.

On the withdrawal and encashment side, however, there are some defects especially in respect of discharge of the depositor's receipts. Generally the postal staff press upon the depositors to produce evidence even if the signature on the payment warrant, etc., tally with the specimen previously obtained. It is a general complaint that release of money by the Post Office on withdrawals should be offered in a simpler way as is done at the bank counters, where a depositor has but only once to establish his identity. It should not be necessary to produce a witness (known to the Post Office) to establish identity every time a withdrawal is sought. On account of frequent transfers among the postal staff, the investors are put to great inconvenience on this account.

Similarly the holders of National Savings Plan Certificates, whose signatures at the time of discharge of the certificates (taken in the presence of the postal staff) tally with the specimen signatures on the identity slip should not be harassed for producing a witness.

Withdrawal and encashments of smaller amounts should be made through even branch post offices and in case of illiterate persons the witness by a village lambardar, panch, Patwari, school teacher, or a person holding an account with the Post Office should be accepted. To produce a witness known to the Post Office should not always be pressed.

Q. 21 : One of the methods for drawing non-official agencies in the small savings work is to allow them to become Authorised Agents for the sale of these certificates, the whole of the commission going to the non-official agency or a part to the agency and the rest to the worker, as may be decided upon by the non-official agency itself. However, the grant of certificates of merit can also be an inducement for non-official agencies to work for the small savings movement.

SHRI GURUMUKH NIHAL SINGH, CHIEF MINISTER DELHI:
REPLIES TO QUESTIONNAIRE

Q. 1 : I consider that the following sections of population should contribute to the Small Savings Scheme :—

(*i*) all Income-tax assessees;

(*ii*) all Land Revenue Assessees; and

(*iii*) all salaried persons in Government, registered firms, etc., above Rs. 150/- p.m.

The quantum of contribution should be an amount equal to income tax and/or land revenue payable for that year and in the case of salaried persons referred to in (*iii*) above, it should be one month's salary.

Q. 2 : In Delhi the Small Savings Campaign has worked fairly successfully. The collections, however, come mainly from the urban area and there is need to increase the enthusiasm towards the scheme among people of the rural areas.

Q. 3: The average Indian is very conscious of the need to put by something for the future for himself or for his family. Savings have, therefore, been in the shape of gold, silver and ornaments in the past. Savings in a Bank or with Government which would create assets for the development of the country is an argument which will have to be brought home to him. These curity of the money saved and deposited will have to be guaranteed. The place where money is to be deposited or from which it could be withdrawn should be within the locality of the investor. The method of withdrawal should also be easy and free from trouble to the investor. These are some of the fundamental steps that require to be taken wouldwould appeal to the common man.

Q. 4: Every thinking man has the national interest as well as the local interest before him; while he would be prepared to be taxed to some extent for matters relating to the national interest, he may be prepared to pay a little more either as tax or as savings for projects which bring prosperity to his local area. This will bring tangible result either in the shape of increased income or in the shape of better health, sanitation, education and other social welfare measures that the people of the locality including himself will enjoy.

Q. 5: There might be a proper wing of the Finance and Revenue Department which should advise on the method of raising money. At the District level, it will have to work in close co-ordination with the Deputy Commissioner. At the Central Government level the final executive will be the National Savings Organisation with which all these bodies should be associated. Representative Boards presided over by the Finance and Revenue Minister would be entrusted with the work of recommending policies and lines of action to the State Government.

Q. 6: The fact that the small savings will be with Government or Scheduled Banks should give a sufficient measure of guarantee and no further measure of insurance or guarantee appears necessary to increase the measure of small savings.

Q. 7: Women are very practical people and the savings campaign should spread among them if the funds could be utilised to improve the health, education schemes, etc., from which they and their children would receive direct benefit.

Q. 8: While films may be a good method of teaching people how to do things, for example, in matters such as sanitation, co-operation, road buildings, etc., it seems that a personal and emotional approach which could come only through personal contact is necessary for creating a movement in regard to small savings.

Q. 9: Radio, like films, also can be a secondary instrument to bring to the notice of the people the efforts that are being made in other areas. Basically men and women will have to do the initial preaching in the matter.

Q. 10: The idea of metallic token should not be pursued as it will mean wasting so much of good metal which could be utilised for other purposes.

Q. 11: Wage-earners should save as indicated against question No. 1, but giving metallic tokens is not recommended. This may lead to an unhealthy sale and purchase of metallic tokens as well as minting of spurious metallic tokens.

Q. 12: The suggestions in this question should form part of the intensification of the savings scheme and should be tried. The organisation that should help in this matter are the Gaon or Village Panchayats.

Q. 13: This question is not very clear. The present day man gives only a small amount to the temples. Any intensification would not give significant results.

Q. 14: This should be discouraged. The Savings Banks should be stationary and within the locality and easy reach of the investor where he might go on any working day, meet the Manager and either invest or withdraw in accordance with the rules without having a feeling that his money is being taken away to a distant place, giving him a certain uncertainty about its return even when due.

Q. 15: This is a very large question and it depends on the policy that the Government will adopt in the matter. In any case life insurance and savings are similar but two different funds. It is hoped that the life insurance business will now be extended to the rural area and to that extent there will be a certain measure of savings as well as security for the family for the future. Savings in the shape of premium paid for life insurance would certainly be more appealing to a large section of the population.

Q. 16: There can be no hard and fast reply to this question. The Planning Commission has co-ordinated the schemes of the various State Governments for the Second Five-Year Plan and there should not be any conspicuous and wasteful expenditure in that sense. Within each scheme, however, estimates of expenditure will have to be prepared as carefully as possible and in the execution of the schemes a watch will require to be kept that the processes and methods adopted do not lead to waste. For this purpose properly trained officers, availability of material in time, suitable check by the controlling authorities, etc., will prevent wasteful expenditure.

Q. 17: The point may vary from place to place but this can only be a small part of the overall intensification drive.

Q. 18: This can play a small part in the overall intensification drive. It is considered that development of specific objects in local areas will induce investors to yield greater contributions to small savings. For better propaganda local committees should be formed at the District level.

Q. 19: National Savings workers may be trained centrally in each State.

Q. 20: As indicated in reply to an earlier question, the investment in small savings should be as easy as posting a post-card and withdrawals also

should be as simple as from Banks in the rural areas in England. The simplification necessary will have to be worked out by those who know the details and could give the correct advice.

Q. 21 : It has already been indicated in an earlier question that Boards and Committees comprising non-officials should be set up to help the officials at the State and District levels and even at the level of local areas within a district. The idea of starting a system of certificate of merits, letters, appreciation, prizes for higher savings, etc. does not appeal as any such thing, if done, in a large way will tend to reduce its value. As regards prizes for higher savings, it is the quantum of savings considered against the income of the individual that matters; what is also to be aimed at is not large savings from a small number of persons, but average savings from a very large number of the citizens of the country.

SHRI MORARJIBHAI DESAI, CHIEF MINISTER, BOMBAY: REPLIES TO QUESTIONNAIRE

Q. 1 : Successful planning in an under-developed country like India is a continuous process aimed at rapid socio-economic progress. As such, from the financial angle, it should be self-financing to the optimum extent so as to avoid all dangers of monetary disequilibrium and inflation likely to be caused by deficit financing beyond what is necessary. Any resources that we can get from taxation or borrowing should be preferred to deficit financing. What sections of the population should contribute to Small Savings as part of the borrowing programme has to be determined with reference to the scope assigned to Small Savings in the target resources of the Second Plan. The target for Small Savings has been raised from the existing collection at Rs. 65 crores, in 1955-56 (Revised Estimates), to an annual average of Rs. 100 crores or Rs. 500 crores during the period 1956-57 to 1960-61. In case we fail to reach the target in the first one or two years of the Second Plan, collections in later years will have to be more than Rs. 100 crores per annum.

This target has to be distributed to the various sections of the population according to their income and saving capacity. The average per capita national income in India has increased from Rs. 255 in 1950-51 to Rs. 280 by the end of the First Plan. The per capita income is expected to increase to Rs. 330 at the end of the Second Plan. The average size of the Indian family varies between 4 and 5 persons in different regions. At 4.5 persons to a family, the annual income of an average family at the end of the First Plan may be estimated at Rs. 1,260. For realising the target of Rs. 100 crores per annum from Small Savings, we need from 80 million families in the country, a minimum average contribution of Rs. 12 per annum. In the country, as a whole, we have, according to the Census Report of 1951, 1,044 lakh self-supporting persons out of the total population of 3,566 lakh persons. That is to say, in our average family of 4.5 persons, we have 1.3 earners. Applying these data to the task of getting the target, therefore, we may say that all persons who have an average income of Rs. 1,000 per annum should contribute at least Rs. 10 per annum. That is about a rupee per month per earner or a little less than 4 annas per month per capita.

An average is a 'theoretical abstraction' which will have to be applied in rural and urban areas with particular care, for, in reality there will

be many who will be below the average and many who will be above the average; many who will earn an income but a portion in kind, and many who will earn the income wholly in cash. So far as the urban areas are concerned, in industrial cities like Bombay and Ahmedabad, even industrial workers have annual earning above Rs. 1,000 per worker and should contribute to the Campaign. As a beginning, they may contribute Rs. 5 per worker through their Unions. In the urban areas, salaried people and others who have annual income between Rs. 1,000 to 2,500 should contribute at least Rs. 10 per annum. Those who earn between Rs. 2,500 and Rs. 4,200, which is the income tax exemption limit, should contribute Rs. 20 per annum. Income tax assessees in the urban areas have been investing and will invest in Small Savings in the light of the terms and conditions of the various scrips, in relation to alternative opportunities for more profitable investment.

In the rural areas, those who cultivate economic holdings sufficient to give an income of about Rs. 1,500 per family per annum, should be exhorted to contribute. According to the Rural Credit Survey Report, there are 8.57 crores of self-supporting persons living in the rural areas. Of these, 1.43 crores are cultivating labourers who will not have anything like an economic holding; 10 per cent are called 'big cultivators' who have an economic holding, not merely the Indian average but more than that. The latter should be able to contribute and from these about a crore of 'big cultivators,' we should get nothing less than Rs. 20 crores per annum. Forty per cent of the cultivators are 'medium cultivators.' One third of these may have an economic holding sufficient to give an income of Rs. 1,500 per family. (The average rural family is larger than the average urban family). From these cultivators we should be able to get about Rs. 10 crores. Our Small Savings borrowing in the rural areas should thus be at least Rs. 30 crores per annum. This target should be distributed to the various States, and thence to the Districts, according to conditions of farming and dispersal of economic holdings. The District Agricultural staff and Collectors should be able to help work out the target in detail. In particular, our Savings Campaign should be intensified in the following rural areas:

(1) Areas freshly irrigated by Government works.

(2) Virgin soils brought under cultivation by Government efforts, the productivity of which has substantially increased, *e.g.*, parts of Rajasthan.

(3) Prosperous belts of commercial crops like the cotton belts of Surat, Broach, Khandesh and Dharwar ; tobacco belts in the Kaira ; and sugarcane belt in the Deccan and Bombay Karnatak.

(4) Dairy areas like the Anand dairy area.

(5) Garden lands.

(6) Community Project areas which after a period of 2 or 3 years have now learnt the value of public participation in Planning.

Q. 2: District-wise returns of estimated targets and sales framed by the National Savings Office, Bombay State, are enclosed. It will be seen that the collections are hitherto confined, over 80 per cent, to

urban areas like Greater Bombay and Ahmedabad or to the districts in Gujarat; with suitable organisational efforts, it will be possible to increase collections in rural areas, particularly in areas indicated in above. In the Dholka Project area of the Ahmedabad district, it has been possible to increase collections by efforts of Cooperative societies, project workers and extra-departmental post masters. In the dairy areas of Nadiad and Anand in Kaira district also the Milk Unions are trying to intensify efforts to collect small savings. Among the rural areas, the Surat district has been in the fore-front because of enlightened public opinion on the utility of investment in Small Savings.

Q. 3: The following basic measures are necessary:

(*i*) Educating public opinion in such a way that the common man has 'enlightened self-interest' in the Second Five-Year Plan and faith in the ideal of a 'Socialistic Pattern of Society'.

(*ii*) Organising an efficient adminstrative machinery for the successful implementation of Second Plan efforts according to the time schedule set for it.

(*iii*) Changes in terms and conditions of Small Savings scrips as suggested by the Government of Bombay to the Planning Commission relevant extracts from which are enclosed. (Enclosure I) The receipts of the Small Savings scheme have now been partly decentralised and the States have been offered a share equal to 25% of the average annual collections during 1953-54 to 1955-56 plus 50% of the excess. This process of decentralisation should be carried further and local financial incentive should be aroused and a guarantee should be given that collections above the existing receipts in local areas would be spent for the benefits of the local areas concerned. The nature of such localised expenditure should be thought out and it should be considered whether the amount should be spent for some capital projects or for N.E.S. works, local development works, village approach roads or minor and medium irrigation works.

(*iv*) Perfected Audio-Visual propaganda methods.

Q. 4: The proposal of the Rural Credit Survey Report should be accepted and the sort of welfare work in a local area which should be financed out of a portion or whole of the increased collections should be considered in detail.

Q. 5: There should be a High-Power Committee at the Centre which should include State representatives. The Committee should periodically review collections of Small Savings. At the State level, the Finance or the Planning Departments should make detailed studies of savings habits of the people, particualry in the rural areas. Now that the States have been assigned a share in net collections, they should consider the establishment of State Small Savings directorates along with the lines of Utter Pradesh. At present the Small Savings administration does not have adequate staff at the district levels. The staff in the districts should be strengthened with trained workers. Intensification of the movement will depend on the art of salesmanship and training of the staff is,

therefore, indispensable. The agency system also needs to be made more and more broad-based by appointment as agents of clerical staff in urban areas and primary teachers as well as village level workers in rural areas.

Q. 6. No.

Q. 7. Being dependents and by instinct, women of India are thrifty, perhaps more so than men. For the Small Savings movement, our women need to be told that investment in small savings is a more profitable source of investment than jewellery. The spread of education among women would itself decrease love of gold ornaments. Women's Savings Organisations are hitherto confined to urban areas among the well-to-do. We need very badly Women's Savings Organisations in the rural areas.

Q. 8. Feature films or documentaries are, of course, helpful in the campaign. It would be much better, however, if full-length films with story element and exhortation for small savings intelligently woven into them are produced. Films would help only to the extent the villagers are able to see them and have, therfore, their own limitations in the rural areas.

Q. 9. The remarks with reference to Q. 8 above apply here also. The radio can, however, publicise local collections and create a healthy spirit of rivalry among various regions.

Q. 10. It may be tried in areas where there is a demand for it. Some people prefer metal to paper money and it may also be easier to preserve metal tokens.

Q. 11. So long as the movement is a voluntary campaign, cooperation of labour unions is indispensable. In order to enthuse wage earners to regularly contribute to Small Savings, the commission given to labour unions can be increased. For example, special rewards on sale of 5 rupee and 10 rupee certificates can be given.

The working classes can pay contributions to Small Savings out of their regular salary or out of their bonus. By experience the Government of Bombay found that compulsory investment of bonus money in Small Savings was not agreed to by the representative of the workers. The Government of Bombay has, therfore, amended the Payment of Wages Act in 1953. A proviso has been added to Section 6 of the Payment of Wages Act, which states that "when the amount of any bonus payable to an employed person exceeds the amount equal to one-fourth of his earnings (exclusive of Dearness Allowance) for the year to which the bonus relates, such excess shall be paid or invested in the manner prescribed." Under Rule 8A, it has been provided that the excess amount of the bonus shall be paid to him in the form of 12-year National Savings Certificates of rupees 5, 10 or higher denomination. A further amendment to the Rules so as to provide for investment in the National Plan Certificates is also being considered.

For deduction at source of contributions to Small Savings from regular salary or from bonus of less than three months, voluntarily agreed to by the employees, an amendment to the Payment of Wages Act will

be necessary by the Government of India. The Government of Bombay has already addressed the Government of India on these issues and the matter is under consideration.

Q. 12: Brisk Savings Campaigns are necessary not merely at village *mandis*, after harvest, but also at fairs and *melas*, market places, cotton ginns and other marketing centres. The Cooperative societies and the village Panchayats can help in the campaign at harvest times.

Q. 13: As a source of finance for the Five-Year Plan, temple properties present a tow-fold problem. There is first the problem of diverting the existing savings of the temples, *i.e.*, the excess of income over current expenditure which is not required immediately for temple purposes. For the disposal of such savings there are provisions for specified items of expenditure under Section 59, sub-section (1) of the Madras Religious Endowments Act. Compared to this, the Public Trusts Act, 1950 of the Bombay Government under Section 35 is liberal. It does not specify items of expenditure for public benefit. The latter, however, serves the same purpose for it insists that surplus money shall be kept as fixed deposits in Scheduled Banks, or be invested in Government Securities, or for first mortgage of immovable property. Funds not likely to be required within a year or two for temple purposes can be invested as fixed deposits in Savings Banks or can be used as investments or mortgage for a short duration. Funds available for long-term use *i.e.*, for 5, 10 or 15 years can be invested in Postal Savings Banks, National Savings Certificates or long-term securities of the State and Central Governments.

The relevant provisions of the Bombay Act along with the copy of a circular issued by the Charity Commissioner are enclosed. Secondly, we have the question of creating surplus out of temple properties by applying restrictions on the use of funds for current expenditure by temple managements. The Madras Act of 1951 made definite provisions for this under section 31 and 55 by Government control, over the expenditure activities of temples. These were held *ultra vires* of the Constitution by the Supreme Court Judgement of March 1954 and the Act amended thereafter in 1954 has lost much of its force because of concessions that had to be given for 'Cypres' application of funds and liberty of 'Panthakanika' *i.e.*, personal gifts to priests or managers of temple funds, being spent by temple managers as they like.

Q. 14: Mobile Savings Vans and Mobile Banks can help to mobilise Small Savings in areas where post offices do not sell the Savings Certificates nor have facilities of post office deposits. The mobile vans can also help collection of Small Savings during the rainy season.

Q. 15: Sooner or later nationalised Life Insurance ought to be cheaper than at present. At present a policy cannot be taken out for less than a sum of Rs. 1,000/- for each life insured (except in Postal Life Insurance). Nationalised Life Insurance should be available even for a sum of Rs. 500/- for each life insured. This should be offered at attractive rates of premia. This would be an inducement to small-savers even though the investment may not be in Small Savings scrips but in insurance; but since the latter is nationalised, it matters little. For the nation as a whole and for the purpose of raising resources for the public

sector, insurance is cheaper to Government than the citizen's contribution to Small Savings.

To spread the insurance habit in the rural areas where the existing agencies have not penetrated, arrangements should be made to sell small policies at post offices. The medical restrictions should be suitably altered, so that obtaining medical certificates at the doors of the investors is easy. At the National Development Council, there was an opinion in favour of compulsory insurance of the employed population, particularly employees like Class III and Class IV Government servants not already insured. States like Mysore and Travancore-Cochin have schemes for State Government insurance of employees.

Insurance agents may be encouraged to sell Small Savings scrips; like-wise, Small Savings Agents may be encouraged to sell insurance. In course of time, to the conditions of maintaining insurance agency like collection of a specified amount of insurance in specified time, may be added the condition of collection of specified amounts of small savings as well.

Q. 16: The above forms of wasteful expenditure can be prevented only by toning up education of public opinion against them. The dowry system, etc., to some extent, may be controlled by legislation.

Q. 17: So long as the dowry system prevails, the birth of every child is not necessarily the occasion for jubilation because dowry itself is a premium either for the male or for the female. The dowry can be offered in terms of Small Savings scrips and should be encouraged. From the financial angle, collection of Small Savings on marriage occasions has its own limitations and is of minor importance in realising the target of Rs.100 crores per annum compared to the existing collections of about Rs. 65 crores at the end of the First Plan.

Q. 18: The procedural requirements of investment and realisation of cash need to be very much simplified if we want to encourage savings in the rural areas. The form of application should be simplified for investment in Small Savings scrips unto Rs. 50/- or Rs. 100/-. Encashment should be readily available through the help of the Talat *i.e.* village accountant, *who should certify identity* and re-payment should be done through Money Orders by the post offices at Government cost to the savers at their residence. Propaganda for small savings should be conducted more or less in a manner in which an expert advertising firm would use the art of salesmanship for its product. Better knowledge among the people of the Five-Year Plans will help the Campaign.

Q. 19: Training to National Savings workers through refresher courses, training classes in regular training colleges, if necessary, should be imparted. Just as we train workers for the Cooperative movement, we should have training for workers in the savings movement.

Q. 20: This has been covered in answer to Question No 18.

Q. 21: Non-official agencies such as the Bharat Sevak Samaj, the Bharat Scouts and Guides, NCC., INTUC., may be associated with the Small Savings Campaign.

At present the voluntary organisational agencies suffer from the handicap that unlike the private agents, they cannot offer inducement concession to contributors out of their commission. The remedy lies in check on malpractices of the individual agents and larger commission to organisations. The legal aspects of the problem may be considered. The Labour Unions can be given special commission for sale of 5 Rupee and 10 Rupee Certificates among their membes and families.

ENCLOSURE I

Extracts from the Government of Bombay's reply to the Planning Commission's letter No. PO (S) VII54 dated 15th July, 1954.

6. In order to increase the collections of Small Savings, the following measures are suggested:

In order to increase the collections of Small Savings, savings from the working classes and the rural areas should be attracted more and more. For this purpose, voluntary inducement of savings may not be enough unless the subscribers are convinced that amounts realised from contributions by them get a direct *quid pro quo*. It would be necessary, therefore, to relate efforts to increase larger savings from the working classes and the rural areas to a definite undertaking that larger collections from these sectors would be utilised for their localised benefits.

The Government of Bombay represented to the Government of India that a higher rate of interest should be offered on the Small Savings Certificates with the changes in the inerest rates on Central and State loans. Recently, the Government of India, as part of the National Plan Loan, have offered to the public 10-Year National Plan Certificates which fetch, an interest rate of 4·5%. The maximum investment of an individual, however, has been fixed at Rs. 1,000/-. It is suggested that this ceiling may be raised to Rs. 5,000/-.

It has been indicated above that with the increase in interest rates, there is an increase in the liquidity preference of the investors with the result that people do not want money to be blocked up for a very long period. During the war period, the Small Savings were medium-dated while the Central and State Loans were long-dated and issued for a period of 20 years or more. Now the Central and State loans are being issued for shorter period of 10-12 years. There should be a corresponding change in the Small Savings scrips which should be issued with maturity period of 5 or 7 years instead of 19 years.

(*e*) The discount deduction of Treasury Savings Deposits should be reduced particularly for the initial years so that the rate of interest earned on these should not compare unfavourably with the rate of interest that would be available on fixed desposits placed with the Scheduled Banks.

(*f*) Hypothecation of securities is not allowed by the Government of India on the presumption that such a procedure would lead to specula-

tion of these scrips which are primarily meant for small investors. Factual analysis of collections indicates that the major portion of collections is contributed by the well-to-do sections of the urban areas. In order that no specueation may arise in these scrips, hypothecation of the securities may be allowed at least with Scheduled Banks and Co-operative Societies and branches of the now nationalised State Bank. The ban on hypothecation of securities to individuals may continue.

(g) The smaller investors often complain of the procedural delays of investment and collections of interest or principal dues. These procedural difficulties may be inquired into and simplified. Security conditions for agents should be related to the paying capacity of the various classes of agents appointed for rural or urban areas.

ENCLOSURE II

Bombay Public Trusts Act, 1950

35. (1) Where the trust property consists of money and cannot be applied immediately or at an early date to the purposes of the public trust, the trustee shall be bound (notwithstanding any direction contained in the instrument of the trust) to deposit the money in any Scheduled Bank as defined in the Reserve Bank of India Act, 1934, in the Postal Savings Bank or in a Co-operative bank approved by the State Government for the purpose or to invest it in public securities:

Provided that such money may be invested in the first mortgage of immovable property situated in a Part A State or a Part C State if the property is not leasehold for a term of years and the value of the property exceeds by one-half the mortgage money.

(2) Nothing in sub-section (1) shall affect any investment or deposit already made before the coming into force of the Bombay Public Trusts (Amendment) Act, 1954, in accordance with a direction contained in the instrument of the trust:

Provided that any interest or dividend received or accruing from such investment or deposit on or after the coming into force of the said Act or any sum realized on the maturity of the said investment or deposit shall be applied or invested in the manner prescribed in sub-section (1).

36. Subject to the directions in the instrument of trust

(a) no sale, mortgage, exchange or gift of any immovable property, and

(b) no lease for a period exceeding ten years in the case of agricultural land or for a period exceeding three years in the case of non-agricultural land or a building, belonging to a public trust, shall be valid without the previous sanction of the Charity Commissioner.

ENCLOSURE III—A

CIRCULAR NO. 53

Subject :—*Investment of Public Trust Money*

Section 35 of the Bombay Public Trusts Act, 1950, lays down that where the trust property consists of money and cannot be applied immediately or at an early date to the purposes of the public trust, the trustee is bound (subject to any direction contained in the instrument of the trust) to invest the money in public securities. However, many times the trustees are not in a position to decide whether the amounts in hand can be applied immediately to the objects of the trust or whether it is necessary to invest them in public securities.

In such cases, the Regional Officer may advise the trustees to deposit such amounts in the Post Office Savings Bank Account to enable them to retain a part of the trust money in the shape of a liquid reserve. This will not only enable the trustees and the Charity Commissioner's Organization to give effect to the provisions of Section 35, but will also enable the public trusts to earn some interest on deposits pending their application to the objects of the trusts.

Attention of the Regional Officers is invited to the Government Order, Legal Department, No. 19730/E, dated the 25th November 1952, passed in exercise of the powers conferred by Clause (d) of Sub-Sec. (12) of Sec. 2 of the Bombay Public Trusts Act, 1950, declaring debentures of the Bombay Provincial Co-operative Land Mortgage Bank Ltd., to be public securities.

National Savings Certificates and Postal Cash Certificates are "Public Securities" within he meaning of Sec. 2 (12) of the Bombay Public Trusts Act, 1950.

This circular may be brought to the notice of the Chartered Accountants and other auditors.

Sd/
CHARITY COMMISSIONER,
BOMBAY.

Office of the Charity
Commissioner, Bank of India Building,
Flora Fountain,
Fort, Bombay 1.
dated: 27th April 1953.

ENCLOSURE III—B

Bombay Public Trusts Act, 1950

No. 12474/E.——In exercise of the powers conferred by sub-section (1) of section 35 of the Bombay Public Trusts Act, 1950 (Bombay XXIX of 1950), the Government of Bombay hereby approves the co-operative bank specified in the Schedule hereto annexed for the purpose of the said Sub-section (1).

Schedule

1. The Ahmedabad Central Co-operative Bank Ltd., Ahmedabad.
2. The Baroda Central Co-operative Bank Ltd., Baroda.
3. The Barsi Central Co-operative Bank Ltd., Barsi.
4. The Belgaum District Central Co-operative Bank Ltd., Belgaum.
5. The Bijapur District Central Co-op. Bank Ltd., Bijapur.
6. The Bombay State Co-operative Bank Ltd., Bombay,
7. The Broach Co-operative Bank Ltd., Bombay.
8. The Kanara District Central Co-operative Bank Ltd., Sirsi.
9. The Kaira District Central Co-operative Bank Ltd., Nadiad.
10. The Karnatak Central Co-operative Bank Ltd., Dharwar.
11. The North Satara District Central Co-operative Bank Ltd., Satara.
12. The Paschim Panchmahals Co-operative Banking Union Ltd., Kalol.
13. The Poona Central Co-operative Bank Ltd., Poona.
14. The Poorva Panchmahals Co-operative Banking Union Ltd.
15. The Surat District Co-operative Bank Ltd., Surat.

By order and in the name of the Governor of Bombay,

J.R. Dhurandar,
Secretary to Government.

ENCLOSURE IV

List showing target figures (gross and net) for the districts of Bombay State under the Small Savings Scheme for the Financial Year 1954-55.

S.No.	Names of the Dist.	Gross Sales (in lakhs of Rupees)	Net sales (in lakhs of Rupees)
1.	Greater Bombay	820	7.15
2.	Ahmedabad	100	90
3.	Surat	100	75
4.	Kaira	100	75
5.	Poona	100	75
6.	Baroda	50	37.5
7.	Thana	20	15
8.	Nasik	18	13.5
9.	Sholapur	16	12
10.	Kolhapur	16	12
11.	Belgaum	15	11
12.	Broach	15	11
13.	Dharwar	13.5	10
14.	East Khandesh	12	9
15.	Ratnagiri	12	9
16.	Ahmednagar	10	7.5
17.	Satara North	10	7.5
18.	North Kanara	9	6.5
19.	Satara South	9	6.5
20.	Panchmahals	8	6
21.	Kolaba	8	6
22.	Mehsana	8	6
23.	West Khandesh	7	5
24.	Amerli	6	4.5
25.	Banaskantha	6	4.5
26.	Sabarkantha	6	4.5
27.	Bijapur	6	4.5
28.	Dangs	.5	.3
		1521.0	1139.3 lakhs

Say 11.40 crores
(P.O.S.Bs.) 2.35 „
13.75 „

Note: This statement is based on past actuals.

DR. SHRI KRISHNA SINHA, CHIEF MINISTER, BIHAR: A NOTE ON SMALL SAVINGS

I welcome the idea of setting up a Central Committee of the Planning Commission which would evolve policies and coordinate efforts for making the Small Savings Campaign a success.

We have paid some attention to the Savings Movement in Bihar. As a result, the investments have been rising from year to year. Thus, as against our annual target of Rs. 2.25 crores, we secured an investment of Rs. 2.81 crores in 1952-53, 2.90 crores in 1953-54, 3.91 crores in 1954-55; and we hope that the investments may go up to Rs. 5 crores during the current financial year.

In addition to the Regional National Savings Officer of the Government of India, we have put a senior administrative officer on this job, entirely at our cost, to supplement his efforts and coordinate the work in close co-operation with the District officers.

In the beginning, the staff employed on this work was grossly inadequate. At our instance, the Government of India agreed to increase, only last year, the number of District Organisers and Assistant National Savings Officers. Even so, there is scope for further addition, so that every Sub-division may have at least one whole-time officer on this job. Another handicap has been that all the staff of the National Savings Organisation was recruited on a temporary basis. I am glad that a certain number have now been made permanent, but it is time that the entire organisation was put on a permanent basis without much delay. This would give a sense of security to the officer and staff, working in the organisation, would make it unnecessary for them to look for other jobs, and enable them to concentrate fully on their work. In order that a better type of personnel may be available it is also necessary that the pay scales of the District Organisers and the Assistant National Savings Officers be suitably raised. At present, a District Organiser is getting pay in the scale of Rs. 105-220, and an Assistant National Savings Officer in the scale of Rs. 200—360. Both are non-gazetted posts. In my opinion, the minimum pay scale of a District Organiser should be Rs. 150—300. While he may be a non-gazetted officer, the Assistant National Savings Officer should be of gazetted rank, and should draw pay at least in the scale of Rs. 200—500 which I understand, is the lowest pay scale of a gazetted employee under the Central Government.

In order that the Campaign may be carried to the masses in the rural areas, it is necessary to organise the system of authorised agents on a sound basis. We have taken particular interest in this matter. The District Officers have been requested to select suitable men for appointment as authorised agents in every thana, and the number of such agents has been steadily going up. It is one of the duties of the Special Officer, whom we have appointed, to ensure that the District Officers take adequate interest in this matter, and right type of men are selected. We are also thinking of appointing selected Gram Panchayats as authorised agents in the hope that the cooperative effort of the Gram Panchayats would succeed more than anything else in stimulating public enthusiasm for savings.

The importance of publicity in making the Campaign a success cannot be over-emphasised. Distribution of suitable publicity literature and handbills, exhibition of cinema slides, holding of small group meetings, organising special dramas on special occasions, utilising the railways, buses and other means of transport for carrying publicity stickers, display of posters, neon-signs are some of the methods which usually occur to one's mind. But it would not be possible to achieve the objective in view unless a well-organised efficient publicity unit is attached to the office of each Regional National Savings Officer. This unit should be fed by a Central Organisation at Delhi, and it should also produce its own publicity materials to meet local requirements. It may also be necessary to provide every Assistant National Savings Officer with a publicity van to assist him in carrying on the publicity work.

There appears to be a fairly good scope for securing large investments in Small Savings if securities for all contract works under Government, whether State or Central, are accepted only in the shape of National Savings Certificates or National Plan Certificates. There also does not appear to be any good reason for putting a limit on investments in these securities in the case of such institutions as are not required to pay income tax, such as, educational institutions, local bodies, co-operatives, hospitals and other charitable institutions. But the most important pre-requisite for the success of the Campaign is intensive work among the masses, and it is unfortunate that so far publicmen in our country, more particularly the Congressmen, have not taken much interest in this matter inspite of the Amritsar Resolution on Savings. May I suggest that you persuade the All-India Congress Committee to issue a directive to all the Pradesh Congress Committees to arrange to observe a Savings Fortnight, once a year, when it should be the duty of every Congressman to propagate the message of Savings and also to secure investment? The fortnight may be observed in close co-operation with the State Governments.

SHRI B. GOPALA REDDI, CHIEF MINISTER, ANDHRA: REPLIES TO QUESTIONNAIRE AND SUGGESTIONS

Q. 1: All sections of the people, both in urban and rural areas, should be able to contribute their mite to the Savings Scheme. There is a lot of wasteful expenditure in the daily life of individuals in all sections of society. If such expenditure is minimised to some extent, the money so saved may be invested in Small Savings securities with benefit both to the person concerned and the country. For instance, both in urban and the rural areas too much money is spent on cinemas, smoking, etc. This kind of expenditure is more perceptible in the urban population than in the rural.

(*a*) There can be no rough and ready method to fix the minimum contribution by each section of the people. It will vary according to the earning capacity of each family and its commitments. However, the following methods may generally be tried in respect of the various sections:

Rural: Agricultural: In rural areas, majority of the people represent agriculturists. They do not get monthly or weekly income. Their income is seasonal. It is realised when they sell their agricultural

produce like paddy, groundnut, cotton, tobacco, jaggery, chillies, etc. If they are approached then and advised to save something out of every rupee realised by sale of the produce, they may agree to do so.

Among agricultural labourers also the thrift habit should be developed. Among this class, most of the members, if not all, in the family earn. They spend a portion of their daily earnings towards their maintenance, but there is considerable wasteful expenditure or unwise investment. If such people are impressed with the benefits of the scheme they will certainly participate in it. In a recent fire accident in Chittoor district, it was learnt that currency notes worth several hundred rupees concealed by a poor wage earner in a grannery were burnt and lost for ever. Such losses can also be prevented if the Small Savings Scheme is popularised in rural areas.

Other Classes: Similarly, there are other classes of people in villages, *viz*., village artisans like the carpenter or the black-smith, the dhobi, the barbar, the potter and the like. These people get their wages in kind seasonally and also at times in cash. They may also be induced wherever possible to save a little out of their earnings and invest that amount in the Small Savings securities.

Even now, there is a practice among the rural population to conduct monthly chit funds which constitute their savings. This practice no doubt is developing a sort of thrift habit in villages, but it does not do much good to the people. The contributions to the chit fund are auctioned once a month and several people underbid it and thereby incur losses, providing maximum benefit to the person who is able to stand to the last. The Small Savings Scheme when introduced on a broad-based footing at the village level, will certainly be a boon to persons of all classes.

(*b*) **Urban:**

The population in urban areas generally consists of capitalists, industrialists, salaried class and daily, weekly or monthly wage earners in firms, factories and the like. Industrialists and capitalists cannot invest much of their moneys in Small Savings securities. If they do so, it will have detrimental effect on their normal trade. Hence it is not advisable to approach capitalists and industrialists to divert any portion of their capital investments towards the Small Savings securities. On the other hand, it may not be very difficult for moneyed classses to set apart a portion of their earnings or profits towards Small Savings securities. People belonging to this class are generally indulging in various kinds of wasteful expenditure. If they are able to cut short their expenditure to the minimum possible degree, they can save a lot. Industrialists and capitalists are not generally interested in the Small Savings Scheme, for the reason that every rupee that they could save can be beneficially utilised to increase the turnover of their trade or to stabilise and strengthen their capital investments. This is not always true. No doubt, this kind of deposit in the Small Savings investments may be insignificant so far as the rich people are concerned, but the national need for such action on the part of rich people and the importance of the call of the society should be realised by them and properly resorted to.

Wage earners: Wage earners in urban areas are of several kinds. Most of them are members of one Union or the other. If these Unions or Associations are made to realise the importance of the scheme and if they exhort the member of such Unions to save at least one quarter anna for every rupee earned, among their members, it will go a long way to increase the investment side of the Small Savings Scheme.

Salaried middle class people: Due to old and antiquated customs and traditions, there is practically a lot of unnecessary expenditure among middle-class families. It is generally the case in every family that one member earns, whereas several others are dependent on him. Still on occasions, members of the family do not avoid unnecessary expenditure. Such wasteful expenditure is incurred by them only to satisfy their vanity. We see several women and children seeing the same cinema picture twice over or even many times. Such expenditure is extravagant if not anti-social. These middle class families may be advised, with benefit, to minimise such expenditure and to save and invest such money in Small Savings securities.

Students: The students of to-day are the citizens of to-morrow. They do not really understand the real significance of thrift. They should be incessantly told about the importance of thrift, both during the class hours and on public platforms. Students in high schools and colleges should be advised to avoid all wasteful expenditure. Generally, students get pocket money. They utilise it in various ways. They spend it either in purchase of unwholesome edible things, or in smoking, cinema-going or other wasteful ways. This is not only a loss to them but also has a harmful effect on their health and studies. With a view to minimising such expenditure and to inculcate thrift among students of various classes, propaganda regarding the Savings Scheme should be carried on in an intensive manner in almost all educational institutions.

Q. 2: Small Savings Campaign hitherto launched in this State has been generally successful wherever launched. This year, in particular, we could surpass the figures of collections of the previous years because of the intensive propaganda in the State. The success of the Scheme is perceptible in places where there are a large number of doctors, lawyers and people of moneyed class. Visakhapatnam district yielded the best results during the financial year 1955-56. The message has not yet reached rural areas. Efforts in this direction will have to be made during the current financial year.

Q. 3: The most effective ways of appealing to the people to induce them to contribute to Small Savings seems to be the following.

1. The various Congress Committees working at the State, District and Taluk levels should carry on propaganda in favour of the Small Savings Schemes in and around their areas. Congress volunteers and other workers should take up this work as an important social service and do intensive propaganda in their respective areas.

2. Members of the Legislature who are held in respect and esteem within their constituencies should carry on intensive propaganda within their constituencies about the Small

Savings Scheme. They should also be made to contribute their mite every month from out of their earnings towards the Small Savings Scheme with a view to setting an example to others.

Lessons on thrift and Small Savings Schemes should be included in the general curriculum of the students of High Schools and Colleges. Chambers of Commerce, Mercantile Associations, Tobacco Committees and Labour Unions, etc., should be convinced about the usefulness of the Scheme and they should be made to induce the members of their respective associations to contribute their mite towards the Small Savings Scheme. The philanthrophic associations which are at present doing some sort of social work like the Guild of Service, the Red Cross Society, the Ramakrishna Home, etc., should be requested to carry on this propaganda among their various constituents. The religious leaders, *mathadhipathis* and also important top-ranking elders should also be appealed to speak impressively about the Small Savings during their periodical lectures. The appeal will be effective if it is made through the caste leaders of the villages, who exercise a great deal of influence over their men.

Q. 4: No doubt, additional savings could be strengthened by arousing local interest and enthusiasm as suggested by the Rural Credit Survey Report. People will certainly be encouraged to save and invest if funds so raised are earmarked for local development projects. Even now, the State Government is offered a percentage of the collections within the State for local development works. Hence intensive propaganda about this aspect appears to be necessary.

Q. 5: At the State, District and Taluk levels, the State Government has been requested to constitute Advisory Committees. The Planning and Development Committees at the District and Taluk levels have been asked by the Andhra Government to function as Advisory Committees for the Small Savings Scheme also. If these committees work earnestly and with enthusiasm, the desired result may be achieved.

Q. 6: No remarks.

Q. 7: Thrift and savings are inborn habits with women. Unfortunately, at present, womenfolk in rural areas are not having sufficient facilities to invest their savings in a safe manner. Persons connected with the Women's Savings Campaign are no doubt doing propaganda to develop the savings habit in general. But the Women's Savings Campaign has not caught momentum as yet and the message has not reached the villages. This is because the Women's Savings Campaign has been given a money target and with a view to completing the target within the given time, the Women's Savings Campaign is mostly interested in getting contributions from institutions and from a few rich people. The most effective way of spreading the savings habit among women, especially in the rural areas, will be to encourage the members of the Women's Savings Campaign to approach only women and to convert them to thrift-mindedness.

In Andhra, a large number of women are very much attached to gold jewellery. They should be, by slow and steady inducement, made to realise that such jewellery should be got converted in course of time to cash and investment in Savings Certificates. This is, no doubt, a very difficult

task, but it can be achieved if really enthusiastic women workers take up this propaganda and do it in an intensive manner from door to door. If this has to be successfully implemented, the money target for the Women's Savings Campaign should not be insisted upon; but a target might be well fixed for the number of individuals who are converted by their propaganda.

Q. 8: The suggestion for utilising the medium of films for intensification of the Savings Campaign is commendable.

Q. 9: Radio will be a very good medium to be utilised to encourage savings habit among the people. During the rural programme, at least once a week, a short talk about the Savings Scheme by some eminent person may go a long way to develop thrift habit amongt he rural folk.

Q. 10: The suggestion to replace the paper coupons by metallic token seems commendable, considering the safety of the document. It is, however, doubtful if this change-over alone can induce the people to contribute liberally to Small Savings.

Q. 11: It does not seem desirable to deduct a certain amount from the wages of workmen on local pay-days at the source and give them metallic tokens of the value deducted. This will be resented by the wage earners as a class. The investments should be voluntary and should be left to the individual concerned. Then only it can be of a permanent value.

Q. 12: A strengthened organisational net work in areas and places where monetary transactions are brisk will certainly contribute largely to intensify the savings Campaign. This can be done by institutions like the Chamber of Commerce, the several marketing committees, the tobacco committees, the sugar cane committees, the labour unions, etc.

Q. 13: It may not be advisable to make temple properties a potential source of savings. There are very few temples which are rich enough to contribute like the Tirupathi Devasthanams. Other temples are not generally even self-sufficient.

Q. 14: Mobile Savings Vans and Mobile Banks will be very useful. At present, even if people in remote villages are interested in Small Savings Scheme, they are not able effectively to invest their savings in these securities, as they will have to go to the nearest post office doing savings Bank account and transact business only with them. A prospective investor from a remote village has to make two or three trips to the place where the Post Office is situated before he is actually in possession of the Savings Certificate. Towards this end, he will have to lose three days' labour and hence he is not very much interested in participating in the Scheme. If Mobile Vans are arranged to move about in the rural areas transacting business as a Mobile Bank, it will be very helpful to the investors.

Q. 15: Now that Life Insurance has been nationalised, all the Insurance Companies may be instructed in writing to advise every policyholder as and when his policy matures to re-invest the amounts in the Small Savings securities. A timely word will certainly bear useful result at least in some cases.

Q. 16: The various forms of conspicuous and wasteful expenditure cannot be listed out. They vary from place to place, society to society and class to class. It can, however, be said with some degree of certainty that wasteful expenditure is largely prevalent among the people to-day. A few instances are given below:

1. Cinema-going.
2. Smoking.
3. Too much of coffee drinking.
4. On occasions like Diwali, etc., wastage of money on crackers and fireworks.
5. Several items of wasteful expenditure during functions like marriages, birth-days, etc.
6. Adopting Western cult instead of simple Indian style in regard to dress, food, etc.

These practices can be reduced to a minimum gradually by intensive and extensive propaganda.

Q. 17: On occasions of marriage and the like, people spend a lot of money and they may not mind much to set apart a small portion towards the Small Savings Scheme.

Apart from this, it is a practice at the time of marriages and birthdays, etc., to offer presents in kind or money. If all these presentations are made in the shape of Small Savings Certificates, it will go a long way to step up investments.

Q. 18: The most important defect of the present Small Savings Campaign is that a money target has been fixed. Officers connected with the organisation having always this money target before them, are not able to do intensive propaganda among people to convert them to thrift-mindedness. They try to approach certain institutions or individuals who are possessing some idle money and get at these amounts to meet the target. They are also now taking credit by converting security deposits and the like to National Savings Scheme securities. To intensify propaganda, this money target should be removed, and the District Organisers and other people connected with this organisation should be given a target in terms of the number of persons they could persuade to invest in Small Savings Certificates during a particular period. This kind of target, if worked out, will yield the best results.

Development plans are being even now popularised by the field publicity department, etc., and the local State Government Officers also. If all these officers carry on propaganda regarding the importance of the Small Savings Scheme, it may have some effect. There are also standing instructions to Officers of the State Government at various levels including the Block Development Officers and the Community Project Officers to carry on intensive propaganda about the Small Savings Scheme. Due to the multifarious duties of these Officers, the Small Savings Scheme is not receiving the attention it deserves from the hands of those officers. If really they make a sincere effort in propagating the Small Savings Scheme

during all their tours and if they also set an example by saving a little themselves every month, much can be done towards securing investments to the Small Savings Scheme.

Q. 19: Recently, Government have been holding training classes for National Volunteer Corps, Village Level Workers under the National Extension Schemes, and the like. In all these classes, instructions should be imparted regarding the Savings Scheme also.

Q. 20: This is a very complicated question. To make an investment in the Small Savings securities is not as easy as purchase of a post-card. As it involves money, certain safeguards are quite necessary. This has to be discussed with the Director of Posts & Telegraphs.

Q. 21: The suggestion may be tried.

SOME ADDITIONAL SUGGESTIONS FOR MAKING THE SMALL SAVINGS SCHEME A SUCCESS

(*a*) It is necessary to ensure that investment in Small Savings represents a real addition to resources. In many cases, people make investments with a view to obliging the officials who have approached them for the purpose. Such persons encash the National Savings Certificates soon after, with the result that the net addition to resources is small. Another defect in the existing arrangements seems to be that investments in Small Savings are made by withdrawing from some other form, *e.g.*, a Post Office Savings Bank deposit, a deposit in a private bank or a Government security. Investments of this kind do not result in any increase in the net Savings of the people. It will be possible to produce better results if the people in rural areas are approached and requested to make a real effort to save a part of their income and to invest it in National Savings Certificates. The approach will probably be effective if it is made through the caste leaders of the villages, who exercise a great deal of influence over their men.

(*b*) Steps should be taken to make the Small Savings Scheme attractive to people in rural areas. This can be done only if it is made easy for people in villages to convert the National Savings Certificates in their possession into cash when necessary. Delay and red-tape should be avoided in paying cash in such cases. Securities such as the 10 and 12 year National Savings Certificates will not be attractive to persons of small means, as interest received by them, if they wish to encash the Certificates after two or three years, will be negligible. Such persons may like to deposit their savings in Postal Savings Bank. To attract savings of this kind, Postal Savings Bank facilities should be made available at as many places as possible.

(*c*) Mobile Savings Vans and Mobile Banks may be an effective means of mopping up savings among people in rural areas who may otherwise have to go a long way to reach the nearest Post Office doing savings Bank work.

(*d*) Savings groups should be formed among labourers in factories. The Campaign in this direction should be intensified through the help of the Commissioner of Labour and his staff. Apart from help through

such official channels organisations like the Indian National Trade Union Congress (INTUC) should be approached with a request to encourage thrift among labour classes and to induce them to invest the savings in National Savings Certificates. Savings groups should be formed among students and they should be persuaded to save and invest such savings in National Savings Certificates. This may be done through the Director of Public Instruction or by local officials through teachers in educational institutions.

(*e*) Attempts should be made to form savings groups in large firms and commercial establishments.

(*f*) There seems to be great scope for propagating the message of Small Savings through National Extension Service Blocks. Social Welfare Organisers and Village Level Workers can be entrusted with this task.

(*g*) Congress Committees may also carry on propaganda in areas within their jurisdiction. Similarly M.L.As. may carry on propaganda in their constituencies.

(*h*) During marriages, presents may be made in the form of National Savings Certificates instead of in the form of silver vesseles, jewellery, etc. Propaganda by women will be very effective in this regard.

(*i*) Insurance companies may advise policyholders to invest the amounts received by them, when their policies mature, in Savings Certificates.

(*j*) State Governments will have to realise loans of considerable magnitude in the open market in order to implement the Second Five-Year Plan. They will have to depend on Collectors and other District Officers and their staff to get contribution from the people towards the loans. The same agency has to be utilised in making collections under the Small Savings Scheme. It would be helpful to State Governments if a large share of the amounts collected under the Small Savings Scheme could be given to them as loans.

SHRI SHAMBUNATH SHUKLA, CHIEF MINISTER, VINDHYA PRADESH:
A NOTE ON SMALL SAVINGS

In my opinion the following measures should go a long way in giving a fillip to the Small Savings Campaign:

(*i*) One of the main reasons why the Small Savings Scheme has not become very popular in rural areas is the difficulty which the villagers have to face at the time of encashment of the certificates at the Post Offices. (If their encashability is made on demand per bearer without the necessity of getting proof of title to the certificate, the movement is likely to attract the villagers.)

(*ii*) In the enlistment of Authorised Agents, difficulties come in on account of requirements to furnish security of Rs. 1,000/-

cash or two sureties for Rs. 1,000/- each. The requirement of furnishing security may be waived in case the Agents are Government servants like School Masters and Gram Panchayat Secretaries, etc. The loss of Government service in case of defalcation of Savings deposits by them, may itself be a sufficient guarantee.

(*iii*) As publicity by audio-visual media is very effective particularly in the rural areas, the Central Government may take up production of documentary films on the utility of Small Savings Scheme and undertake their free distribution as also of posters and placards in regional languages to States for exhibition through their Publicity Departments.

(*iv*) Small Savings should form a subject to be specifically included in the Port-folio of one of the Ministers of the State Government.

(*v*) At present, paid officers to promote Small Savings Scheme are appointed by the Centre and not by State Governments. These officers have not the requisite amount of contact with the State Officers and, therefore a paid Liaison Officer selected from amongst the officers of the State should be appointed to implement the scheme in the State and to co-ordinate activities of the centrally appointed staff and the public in state.

SHRI HARI BHAU UPADHYAYA, CHIEF MINISTER, AJMER: REPLIES TO QUESTIONNAIRE

Q. 1: Urban Areas:

A—SALARY EARNERS

1. In Government services (including Rly).
2. In semi-Government services.
3. In services of the Government aided organisation and institutions.

B—MIDDLE CLASS

1. Legal practitioners.
2. Medical practitioners.
3. Students.

C—WAGE EARNERS

1. Employed in industries.

Rural Areas:

1. Shopkeepers.
2. Non-official social workers.
3. Members of Panchayat Boards.
4. Agriculturists.

Minimum Contribution Visualised:

1. Urban Areas: Re. 1 per head.
2. Rural Areas: As. -/4/- per head.

Q. 2: Small Savings Scheme is popular in the towns of Ajmer and Beawar, where this work had been successful in particular.

Q. 3: Personal contacts with the masses, by prominent men of various political parties, social workers and members of Municipal Committees and Village Panchayat Boards and M.L.As.

Q. 4: The views of Rural Credit Survey Report is commendable and is worth trying.

Q. 5: In this State, the Government has recently constituted a State Advisory Committee for Small Savings and Sub-Committees for each Sub-Division of the State. These Committees are fully representative and seem to be sufficient and suitable measure for the purpose.

Q. 6: Nothing to comment.

Q. 7: Women's Savings Campaign is already in vogue in this. Their activities, however, may be intensified through their own channels *viz.*, lady teachers, nurses, social lady workers, etc.

Q. 8: Different types of documentaries and slides should necessarily be screened regularly in every cinema show.

Q. 9: Slogans on Small Savings may be announced on the radio at intervals every day. A daily talk on Small Savings may be incorporated and broadcast from all broadcasting stations of the country. If possible, this arrangement may be made at the Colombo station which is very popular in these days.

Q. 10: Metallic tokens will facilitate the investors in the matter of exchange and proper up keep to a great extent, and deserve popularisation.

Q. 11: Agreed.

Q. 12: Co-operative Marketing and other societies and *dalals* (Brokers) are most suited agencies to tap this source. In order to harness these agencies by allowing them remuneration for these services, they may be appointed agents on commission basis for sale of Small Savings Scheme securities.

Q. 13: Yes.

Q. 14: The visits of Mobile Vans and Mobile Banks at regular intervals at fixed places and routes will be an effective way of mobilising the Small Savings.

Q. 15: Services of Insurance Agents may be mobilised to work for the Small Savings Campaign. Some appropriate mandatory provi-

sions may be made to make Agents work and introduce a fixed amount of business under the Campaign.

Q. 16: 1. Limit on expenditure to be incurred on the following occasions may be fixed:

a. *Nukta* and *Mosar*.
b. Marriages.
c. Religious functions.
d. Social functions.

2. Complete prohibition on use of liquor, opium, Bhang and Ganja may be imposed in parties, dinners, social and communal gatherings and public places.

Q. 17: The suggestion does not seem to be feasible in the present conditions. It is only possible when the people are fully savings-minded and realize the importance of Small Savings Scheme.

Q. 18: 1. Yes, a better popularisation of development plans will yield greater contributions to Small Savings.

2. (a) The strength of whole time workers of the National Savings Department is inadequate and must be augmented.

(b) Every District must be equipped with a Mobile Van fitted with modern type of publicity means, viz., cinema projector, cinema slides, magic lantern, microphone, and other publicity material.

Q. 19: All National Savings workers (other than officials of the National Savings Department) should necessarily be put under proper training under the workers of the National Savings Department for at-least a fortnight before they are allowed to work for the Campaign. Refresher courses may also be organised from time to time and at least once a year. Untrained workers generally do harm than good.

Q. 20: Introduction of Pass books instead of present procedure will simplify the making of investments in Savings.

Appropriate forms and columns may be provided for withdrawals of the deposited amount in the Pass books.

Special care may be taken to ensure before the new system is introduced that the investors may get their deposited amount back without any difficulty at a station other than the office of issue.

Q. 21: In urban areas, Municipal Commissioners, Social workers of various parties, Congressmen, and Cooperative Societies, may be enrolled as honorary workers, where possible and agents on comission basis.

The system of awarding certificates of merits (*i.e*, appreciation of the services rendered by the workers) to non-officials will attract people to work for this national work. It may be introduced early.

SHRI B. RAMAKRISHNA RAO, CHIEF MINISTER, HYDERABAD:

REPLIES TO QUESTIONNAIRE

Q. 1. I have made some enquiry in this regard in the poorer classes, lower middle classes and middle classes comprising of people working as Peons, Chaprasis, and other similar Class IV employees, clerks, typists and others comprising of Class III employees, Superintendents and gazetted officers of Class II scale and higher officials of Class I scale. The persons belonging to middle and all these classes appear to incur heavy expenditure on account of the following reasons:

(*i*) Extravagance on account of high standard of living and lack of thrift.

(*ii*) A number of dependants whose care becomes obligatory.

(*iii*) Continued sickness or disability of a person or his dependants.

(*iv*) Heavy indebtedness gradual liquidation of which takes a heavy toll of earnings.

Almost all classes of people, whether belonging to rich higher middle classes, middle classes, lower middle classes or poorer classes, cannot save much owing to these four main reasons mentioned above. In addition to these reasons, heavy taxation, heavy Governmental, Municipal or other taxation may also be pointed out as a sufficient reason for not making any savings. Rise in prices of commodities necessary for living purposes can also be pointed out as a sufficient reason for this inability to save. It need not necessarily be concluded that Small Savings would be difficult. Whether there are heavy responsibilities to be discharged or incomes are meagre, people automatically lean towards thrift. Stretching this logic a little further, it can be said that after these experiences of the importance of thrift in life, one can be expected to save at some juncture in life by avoiding unnecessarily high standard of living or increasing one's own debts.

The minimum contribution that any one could be expected to make may be put safely at about 1/20th of one's earnings. An effort at saving, however distasteful it may be, would, in the long run, yield high dividends.

Q. 2. No particular area in any district in this State has been specifically localised for the purpose of Small Savings Campaign.

Q. 3. The recognised methods of mass contact, usually, are through the Newspapers, Radio, Film, *Burrakath*, Dramas, Melas, etc. Possibly, the most effective would be Burrakhata and Drama. The Village Panchayat will be a very useful body to help propagate the aims of Small Savings. As the Village Panchayats are the basis on which future reforms of all kinds are to be implemented, their importance need not be emphasised.

Q. 4. Actually, this is being more or less done in the rural areas in as much as people are expected to make contributions towards any

Local Development Schemes sponsored by local authorities on their own initiative or on the representations made by the people. The Planning Commission had started the Local Development Works Scheme, which has been very successfully implemented in the various States so far. Similarly, under the NES Blocks and Community Projects, the people are expected to bear quite a large amount of the expenditure.

In general, the people are encouraged to save when the investments are sound.

Q. 5. In my opinion, as each State and District in a State and Taluqa in a District have the Planning & Development Committees at their respective levels, which represent various shades of public as well as official opinion, it would be better to make them Advisory Bodies to advise on the proper methods of raising money. It may be very helpful if some prominent women social workers of the respective areas are also associated with these bodies. These women social workers, where possible, may be drawn from the Welfare Extension Projects and such other recognised services.

A suitable organisation at the Centre-level to advise and guide the plans of the Small Savings would be a wing of the Planning Commission with some members co-opted from the Central Social Welfare Board. This can also be worked down to the State-levels.

Q. 6. Yes, I agree that where such insurance and guarantee are existing, it would give a fillip to Small Savings in as much as it would catch the attention of the thrifty, and the public in general.

Q. 7. It is wrong to assume that women in rural areas have no habit of saving. In fact it is the women in villages who are usually more thrifty than their counterparts in the cities.

The people in a village usually live within their means as far as possible and this is reflected in the home life also. So the question of any effective way of spreading the saving habit among women is not called for in as much as women in villages usually save in the form of gold or silver or land or in some other manner. The only difficulty is to make them utilise the small or big savings. The only way is to induce them to invest in the enterprises like the National Savings Certificates or such other similar nation-building ventures. This can only be done when the means of mass contact, as mentioned in Question No. 3., become effective, and the Panchayats also function well. The menfolk have to get more democratised in their habits and behaviour and outlook so as to encourage women to come forward in helping the nation.

Q. 8. There is no doubt that the medium of films will be very effective as films leave a tremendous impression on the minds, expecially in the rural areas.

Q. 9. We could have programmes with a particularly rural bias, including short stories, dramas, etc., which could make the radio effective in encouraging savings. In the Rural Programmes of the All-India Radio, we should have small items on the weather conditions, agricultral conditions, and other news of interest to them, etc. Emphasis

on savings could also form an item of regular nature indicating as to how savings by individuals in various rural areas could be of use in constructive activities, within the villages and outside.

I also feel that just as we give some awards of 'Krishi Pandit' for good yields in agriculture, in the same way we can have awards for Small Savings Talukawise, Districtwise, Statewise and Nationwise to encourage savings.

Q. 10. It would prove a success in this sense that a metallic token may be safer to handle than a paper coupon and is immume from any danger of destruction.

Q. 11. No. The savings must be voluntary. There should be no imposition of this kind in the present day for the various reasons pointed out in answer to question No. 1 It would be a hardship if such a deduction from the wages is made.

Q. 12. I have not followed this question, in the sense that it is difficult to distinguish whether the aim is more or less to make the Small Savings operate as a tax or as voluntary contribution. If it is to be a voluntary contribution then the intensification of the Savings Campaign can be through the various methods pointed out earlier. As I have already stated, the Village Panchayats would be the most effective organisation to spread the gospel of the Small Savings in villages in a more steady manner and methodically than can be visualised through other organisations. Any separate organisation at the village-level for such purpose only will be superfluous.

Q. 13. Yes. It is true that quite a large number of ancient and recognised temples have huge properties and incomes. It is equally true that incomes of these temples are now being utilised for various constructive activities like building of Universities, Colleges, Choultries, Rest Houses, Welfare activities, ashrams, etc.

In one of the meetings of the State Development Board, over which I presided recently, an enthusiastic member had even suggested the idea of utilising the temple and endowment properties to finance the Second Five-Year Plan. This is, therefore, not a noval idea but a very realistic approach. The question would be to demarcate a line wherefrom the drawing of funds from temple properties would cease. If such a line is drawn, then, I think, the Temple Committees would have no objection to give a percentage of the income.

Q. 14. The idea of Mobile Savings Vans and Mobile Banks is an interesting one, and in my opinion they would be a success as periodical tours of these Vans and Banks in villages would concentrate attention of the villagers on the Savings Campaign. Also it would be a test to see whether the people have imbibed the mass contact made through the agencies mentioned in answer to Question No. 3

Q. 15. As far as Life Insurance is concerned, people have usually to save to pay monthly or quarterly or half-yearly or yearly premia. Nationalisation of Life Insurance only underwrites the safety of the money invested by the people and so indirectly it gives a fillip to the habit of saving. To explain in detail, we can say people usually appear to get confidence when an industry is managed by a recognised body of administration; and

the best body that we can think of is naturally the Government. Such confidence can be expected to give an impetus to saving in general. A person, who has to pay a yearly, or half-yearly, or quarterly premium, would naturally work it out in such a way that he would be able to put by some money every month so as to be able to meet this demand. It would be difficult for him to find the sum all of sudden at the end of a quarter, half-year or year or whenever he has to incur unforeseen expenditure in his family. As such, Small Savings on a regular periodical basis could be encouraged by Life Insurance and this is further set off by the fact that the business is a Government undertaking and the premia have to be regularly paid.

Q. 16. It is difficult to point out the various forms of wasteful expenditure. I, however, point out the following:

1. In many houses, usually, there is a lot of waste in the day to day expenditure of the commodities bought for consumption. This can be avoided if the housewife is taught to be careful about it.

2. There can be no overdoing of 'show' in the houses, in so far as the furnishings, luxury articles, etc., are concerned. Avoidance of unnecessary show is necessary. This again must be tackled at home-level only.

3. Extravagance during the time of marriages, festivals and other similar functions. This can also be tackled at the home-level only.

Q. 17. It is difficult to say whether a birth of a child in every family is really a welcoming one especially amongst the middle and lower-middle classes and the poor classes. Occasion of a marriage in a family, of course, can be utilised for getting some contributions to the Small Savings fund, as then everybody would be in a mood to fall in line. In addition to this, even festival occasions can be made use of to approach various people to contribute to the Small Savings fund. On such occasions, however, the contributions may not be appreciable or to a good extent, inasmuch as there has to be some expenditure on festivities; and so the advantage can only be taken of the festive mood to get some contributions.

Q. 18. I quite agree with the suggestion that the better popularisation of the development plans will most certainly yield greater contributions to Small Savings as has been seen in the various Local Development and NES Schemes. My idea is that there should be a direct approach to the villager's heart and mind and when once this is done, they rally round any point with a greater degree of conviction than the propagators possess. The present Small Savings Campaign, in my humble opinion, suffers from this lack of mass contact or mass appreciation. The first and foremost thing that I would like the campaigners to cultivate is to be convinced of the campaign themselves and next to demarcate areas within which they should function effectively so as to convince others.

Q. 19. As I have already pointed out, the services of Planning and Development Committees at various levels and the Welfare Extension Workers, the Social Educational Organisers and the Village Level Workers should be utilised to help the National Savings Campaign. It

would be better if this Campaign is undertaken intensively in the NES and Community Project areas. There are a lot of Development personnel with the Revenue Officers having direct supervision in these development schemes and as such there can be perfect coordination in the activities under the Campaign. Importance of proper methods of National Savings could form a subject in the training of Development personnel at various levels, viz., Village Level Workers, Social Educational Organisers, Block Development Officers, etc. Non-official organisations, like the Bharat Sevak Samaj, and any other local organisations, including women's organisations, can be of use with very good advantage to propagate the aim of National Savings by associating them with these activities. Details have to be worked out.

Q. 20. It may be possible to ask the Village Panchayats or village post offices to maintain a small chest for Small Savings. In villages, under the NES and Community Project schemes this can be intensified on the official and non-official basis. I say this because, under the Second Five-Year Plan, the ultimate aim is to cover the entire country with the NES and Community Project Schemes. It follows, therefore, that no village would escape from the purview of any social welfare campaign that may be undertaken. Any fillip given at the village level will only induce quick and effective investment.

A Village Small Savings Chest may be a good idea to introduce. The Development officials or the Village Panchayat officials wherever necessary, may be entrusted with the safe-keeping of the chest and also be vested with the powers of withdrawals of money from the fund.

Q. 21. I have already stated that most of the non-official agencies, such as the Bharat Sevak Samaj, labour organisations, Women's organisations, etc., have their constitutions embodying the priorities of work. The way to get them to do this work is to make them convinced of the means of Savings in the country. I agree that the idea of starting a certificate of merit, letters of appreciation, prizes, etc., as already indicated by me in answer to question No. 9, is most welcome to enthuse those working for the Campaign.

APPENDIX D

NOTES AND REPLIES TO QUESTIONNAIRE FROM MEMBERS OF PARLIAMENT, STATE FINANCE MINISTERS AND ECONOMISTS

DR. RAMSUBHAG SINGH, M.P.: REPLIES TO QUESTIONNAIRE

Q. 1: People in services of all kinds and persons having an income of over Rs. 1,000/- per annum should be asked to contribute about Rs 50 per annum.

Q. 2: I can't point out any area where this scheme has been particularly successful. However, work has been done throughout the District.

Q. 3: Generally, Government Agencies are utilised to propagate the idea of Small Savings. If some effective means are adopted to eradicate the difficulties experienced by people in getting their works done in those agencies, for instance, Police Stations, Civil and Criminal Courts, it will go a long way to induce people to contribute.

Q. 4: I agree that if such Savings are earmarked for local development projects, the people will feel encouraged to save and invest more. But at the same time it should also be borne in mind that no waste occurs in local development works. Otherwise the confidence of the people will be shaken.

Q. 5: Officials and non-officials who are interested in development work and who know the benefit of Small Savings should be asked to carry work at all levels.

Q. 6: It may help to some extent.

Q. 7: The idea of depositing small amounts in local post offices should be more effectively propagated amongst rural women, and the post offices should be directed not to trouble them whenever they want to withdraw money because the women particularly experience great difficulty in getting their signatures tallied and this will be a deterrent in propagating the idea of Savings among them. Co-operative and other Banks should also be opened in those areas.

Q. 8: The films may popularise the Savings idea by exhibiting where and how the money can be deposited and it can be withdrawn.

Q. 9: In rural areas radio sets are not to be found in villages. But wherever they exist they can be utilised for Saving habits by braodcasting talks on them.

Q 10: I don't find much difference in paper coupons and metallic tokens.

Q. 11: The idea of deducting any amount from anybody's wage won't be of much help in spreading the idea of saving habit.

Q. 12: Yes. Those who deal in sale and purchase of goods may be asked to deposit certain amount, but this also should be voluntary. However, the efforts should be made to convince everybody, so that he might make his maximum contribution.

Q. 13: I think the properties of temples, churches, mosques and Gurdwaras could be made a potential source of Saving but the moment we discriminate between one and the other, the purpose would not be fulfilled. So if there is going to be a legislation like the Madras Religious Endowments Act, that must be uniformly made applicable throughout India or on places of worship of all religions.

Q. 14: I don't know the expenditure of the Mobile Savings Vans. If they can collect something without spending much on themselves, I would like them.

Q. 15. If the premium is kept at a low level, the Life Insurance business can even now be used for harnessing all Savings.

Q. 16: I feel that we can ourselves give a lead in this regard; persons in high office need not spend much on luxurious things such as costly dresses, throwing parties, utilising motor cars even for non-essential works, and incurring huge expenditure on marriages, *shradhas*, etc. If they avoid doing so, the average persons will follow their examples.

Q. 17: Only such persons should be made to contribute who celebrate the birth of a child in the family and also those who celebrate the birth days of the members of the family. On the occasion of marriage also the parties to the marriage can be asked to contribute to the Savings Fund.

Q. 18: Yes. If we control the wasteful expenditure of Development Plans, the idea of Small Savings can be more easily popularised.

Q. 19: Services of only such people could be utilised for this purpose, who could talk to the people and enjoy their confidence. I don't attach much value to workers who are recruited on services basis and thereafter given some training.

Q. 20: In my opinion people may be advised to keep a separate locked box with a slot in which they should regularly put even small coins, and as and when the amount exceeds Rs. 10/- the Government might issue a bond worth Rs. 10/4/-. In that way the villagers will be saved from the botheration of going to post offices often and will get the incentive to save more and more.

Q. 21: The method of drawing non-official agencies in Small Savings, I feel, should be to value their suggestions for carrying out development works in their areas. The opinion of such non-official agencies should be respected in controlling wasteful expenditure of development works and rooting out corruption from Courts, etc. In that way only can non-official agencies be drawn in Small Savings work.

SHRI V.B. GANDHI, M.P.: REPLIES TO QUESTIONNAIRE

Q. 2: Yes; in the State of Bombay.

Q. 3: Through a regular campaign such as by holding small group meetings and house to house canvassing by men and women volunteers.

Q. 4: It would encourage to some extent Savings if some of these Savings were utilised for local development projects. The Rural Credit Survey's Report is right in this respect.

Q. 8: It is a very useful suggestion and should certainly be utilised.

Q. 10: Yes. Metallic tokens, if they can be conveniently and economically provided, would prove more attractive.

Q. 11: Yes; certainly very well worth trying.

Q. 13: Time has come when some legislation should be undertaken for the entire country to make temple properties a potential source of Savings. This deserves a high priority.

Q. 15: By making insurance policies of smaller sums more attractive and more easily available.

Q. 18: The rate of interest, if made a little more attractive, might prove a stimulus. Popularisation of development plans should also be undertaken.

SHRI G.D. SOMANI, M.P.: REPLIES TO QUESTIONNAIRE

Qs. 3 & 4: The one effective way of encouraging investment in Small Savings is to earmark the amount raised through such savings for local development projects. Government have at present several schemes of public development for all the areas and it should be possible to encourage the Savings Drive by giving an incentive of earmarking those funds for the same area.

Q. 5: There should be Advisory Bodies functioning at the Centre, State and district levels which should function effectively to review and devise new methods from time to time for increasing investment in savings.

Qs. 8, 9, 11 & 12: I am in favour of these suggestions.

Q. 13: I do not advise any interference in temple properties.

Qs. 16 & 17: Everything possible should be done to discourage wasteful expenditure on marriages and other occasions to divert a part of that expenditure into National Savings. Some special schemes should be devised under which some positive incentives should be offered for diverting wasteful expenditure into Savings.

SHRI MOHAN LAL, FINANCE MINISTER, PUNJAB: REPLIES TO QUESTIONNAIRE

Q. 1: It has been admitted already while carrying out the Rural Credit Survey that only 50% of the families will be in a position to pay Rs. 4/10 per family per year. The reason is that nothing more can be spared on account of the needs for improvement of land, purchase of bullocks, increase in the size of holdings, etc. The agriculturists have flourished on account of high prices of foodgrains and commercial crops. The land revenue payer who pays more than Rs. 30 as land revenue will be able to contribute towards Small Savings.

On the urban side it is the salaried people who can contribute. Businessmen would not like to invest in Small Savings as return in business is larger than what the businessmen can get from investments in Small Savings.

Q. 2: I belong to Gurdaspur District and can say that the Small Savings Campaign has been particularly successful in Batala Tehsil as compared with the other parts of this district for the reason that people are not only comparatively well off but also more advanced politically.

Q. 3: In my opinion, the following will be the effective ways of appealing:

(*a*) Assurance from Government to use the Savings for the welfare of the areas concerned;

(*b*) Propaganda through Small Savings agencies; agents approaching all those who are able to pay;

(*c*) Propaganda through the Public Relations Department through films, dramas, etc.

(*d*) In rural areas, the appeal should be through Panchayats which have direct contact with the common man and on which reliance could be placed positively by the small investors.

Q. 4: The views expressed in the Rural Credit Survey Report are well founded. The average villager in India does not have much knowledge to understand the importance of improvements carried out in other regions. He would be more interested if he can see things for himself. Once he is satisfied of the utilization of the investments, it will be easy to induce him to save and save more. The inducement can be done through village Panchayats.

Q. 5: At district level, an organization should be set up which can advise as to the proper method of raising money from the respective areas of the district. This organization should consist of Legislators of the area, Panchayat Officers, Lambardars, Sarpanches and District Publicity Officers under the Chairmanship of Deputy Commissioner.

At State level there should be an organization which should coordinate the efforts of each district and to difuse the information collected which is more beneficial for the Savings Movement. The method adopted in one district which has proved useful may be given out to other districts for

follow-up, if possible. The officer-in-charge of this organisation should have wide knowledge of methods and measures which will promote the Savings Campaign.

At the Centre level there should be a separate organization altogether for study of methods adopted in this connection in other countries such as U.K., and Sweden and should co-ordinate the Savings Campaign in different States. There should be regular meetings of representatives of State organizations to exchange views on the subject and to understand the proper background for work in the respective areas. It should be a sort of school where the representatives should be educated on the right methods as studied by the Central organization.

Q. 6: The Savings Movement is at present organised by Government and so long as this is done, there is no question of further assurance to the Small Savings investors. The seal of Government is more sufficient than the guarantees and the insurance contemplated.

Q. 7: The Gram Sevikas (Women Social Workers) and Lady Teachers, where available, may be entrusted with the job. To encourage them to do this work, they should be appointed as Commission Agents so that they may also have some incentive to work.

Q. 8: The suggestion is very sound. The film should, however, be in the regional language with a regional background. The films should depict the uses and benefits derived from Small Savings. Publicity seems essential in other directions.

Q. 9: Advertisement through radios will help much just as Ceylon Radio advertises goods for others. The announcements should be so arranged that these are made regular every day at small intervals in the regional languages. To encourage children towards thrift and attract them to hear such announcements, the programme should be suitably inter-mixed with recorded programme of music and dramas.

Q. 10: In my opinion, it will not be of much use. An average Indian is liable to lose metallic coupons as the paper token. There is no special advantage in issuing metallic coupons. There is, however, nothing to lose in introducing the metallic coupons as an experimental measures, and if it proves successful, it can be extended to the whole country.

Q. 11: This is likely to be useful in regular industrial concerns where the wage-earners are not migrated. A deduction from the wages at the source will, of course, prove useful to Government in drawing out money for investment, but if this is not possible, at least it should be seen that overtime allowances are put aside as Savings. It will be perhaps useful if overtime is actually paid in the form of Savings Certificates with the consent of the wage-earner as otherwise the impetus of putting in extra hours' labour may vanish. All this will have to be done with the co-operation of the management of the concern. Popular officials from amongst those working in the concern may he appointed as agents. They may be authorised to issue receipts provisionally till the official certificates are not available. It will improve matters much if the money invested is made payable immediately on death of the wage-earner. Perhaps provision may also be made to convert those Savings in the form of

a loan to the wage-earner, repayable in certain stipulated periods along with interest, if the wage-earner needs money for sickness in his family or during period of his unemployment. In the latter case, it will be necessary to make repayment possible only when he is employed.

Q. 12: The reputation of markets of agricultural commodities, etc., is already very poor. The farmer is already under the impression that the deductions while selling are too many. He might consider this effort of Government as another forced deduction and this might result in making the scheme unpopular. As, however, marketing facilities are being provided by Government on co-operative basis, it may be quite useful if the co-operative societies realise a certain percentage of the value of produce sold for investment purposes against which the contributor is allowed to have repayable loans to meet his abnormal needs in time of sickeness or otherwise.

Q. 13: I have not been able to go through the Madras Religious Endowments Act, but I do feel that large Savings can be collected from religious temples, *gurdwaras*, etc. Lot of money goes waste out of donations given by the public at temples and *gurdwaras*. There is no harm in making a legislation which makes it obligatory for the management of the temples and *gurdwaras* to invest in endowments which could be utilised for certain set purposes as and when the need arises.

Q. 14: These can play a good role but the drawback is that our common man is not so educated as to entrust his hard-earned saving to a Mobile Savings Van. The Savings may be possible where some influential, popular and local honest leader guarantees the safety of the money. For the urban educated classes, there is no need for such mobile vans as they can easily purchase from the nearest post office or a bank.

Q. 15. The fact that Insurance has been nationalised will definitely have effect on harnessing Savings but it needs a good deal of propaganda for making people insurance-minded. This aspect may be tackled in the hope that after a lapse some of years, the scheme may start giving results.

Q. 16: The important ones are:

Drinking, litigation, dowries, family and social customs and celebrations.

For stopping dowries, the institution of Panchayats, Prohibition, Dowries Act will help a lot. For other items of wasteful expenditure, Panchayats should be made to stop these unnecessary evils by persuasion. Even legal provision may be made to stop such unnecessary expenses.

Q. 17: This might prove successful to a certain extent if it can be made compulsory for all sections of community. The contributions, however, will not be much as the savings say on marriage may range from Rs. 5 to 100 according to the capacity of the family concerned and that on the birth of a son from Rs. 2 to Rs. 25. It will, however, be considered as a tax rather than a saving.

Q. 18: There is least propaganda by post offices, but on the other hand, there are lots of difficulties and waste of time in purchasing certifi-

cates, etc., from such post offices. Even correct and up-to-date guidance is generally not available in the post office. The propaganda methods should be expanded so as to imbibe thrift spirit amongst children from the very start.

Q. 19: There should be regular training classes for the National Savings workers. Insurance agents may prove very useful with a little training on the lines required for the National Savings Movement.

Q. 20: Simplification is required and this may be achieved in the following manner:

(a) The form of application should be very brief mentioning only name, address, amount and signature.

(b) Below the form a certificate should be appended which should be detached and given there and then by the official receiving the application with the amount.

(c) Facilities should be provided to fill up the application forms. This can be done by the postal clerk or the official receiving the application and the signature obtained from the customer.

(d) The specimen signature of the applicant should also be arranged below the certificate to make repayments easy.

In short, the certificate should have three portions:

(*i*) the certificate itself,

(*ii*) the identity slip or specimen signature slip, and

(*iii*) the application form.

This should be divided by perforation. The idea is to lessen the difficulty of the purchaser and to remove the defects which exist at present in the working of the system.

Q. 21: Agencies may be given to private individuals, amongst whom the person who contributes a considerable amount may be encouraged by giving a certificate of merit and letters of appreciation. Even prizes may be allowed upto a specific range to contributors of high amounts. Such prizes or certificates should be given in meetings to encourage others to follow suit.

DR. S.K. BASU, CALCUTTA UNIVERSITY :
EXTRACTS FROM REPLIES TO QUESTIONNAIRE

Q. 1: There are various socio-economic factors on which the proportion of national income that is saved usually depends. Such factors are social habits and customs, changes in the distribution of national income, changes in consumption expenditure as a consequence of changes in incomes and the efficiency of the machinery for the mobilisation of Savings. The rising tempo of development expenditure will generate additional incomes. It is essential that a very large proportion of these additional

incomes should be saved without excessive cuts in consumption. As a result of the increasing trend towards socialisation and the removal of income inequalities, a wider diffusion of incomes and atomisation of Savings is expected. The capacity of the Government to reach the widely diffused small savers will be an important factor in the mobilisation of their Savings. In India the rural sector has a large magnitude. The increasing monetisation of the rural economy and the emphasis that has been placed in the First Five-Year Plan on agricultural and Community Development Projects is likely to create Savings in the rural areas. Attention to the problem of mobilising these Small Savings will be called for.

In the urban areas the peculiarity of Indian urban income strata makes the possibility of Small Savings a doubtful proposition. The upper income brackets no doubt save, but ex-hypothesi they do not contribute to Small Savings. The greatest part of urban Savings come from Corporations and upper income groups. The well-to-do can not be expected to contribute substantially to Small Savings along with their normal Savings. It is the middle-income groups that may be expected to contribute to a Small Savings Campaign. These groups are the potential savers in the country. We may expect an increased flow of Small Savings from these groups.

In the urban industrial areas the industrial workers may be persuaded to contribute to a Small Savings Campaign. As a result of the emphasis that has been placed on the development of heavy industries in the Second Five-Year Plan, the incomes of industrial workers are likely to rise during the next few years. These workers are no doubt made to pay at the source contributions towards their provident funds and Employees' State Insurance Funds. But with the provision of perfect security and easy remittance and withdrawal facilities, these may be induced to make their own contributions.

Q. 4: I endorse the views of the Rural Credit Survey Report in this respect. The greater part of the Small Savings potential is latent in the rural areas. To mop up these Savings some inducement apart from liquidity and an appropriate rate of interest, may have to be offered. Each rural area has its own economic problems which have to be met. If the people are assured that while preserving perfect liquidity of their Savings, the proceeds will be employed for local development they would probably be more enthusiastic than they would be if national development was placed before them as the basic objective. Earmarking of zonal proceeds for local development is, therefore, recommended. Local funds invested in remote places via the market mechanism will fail to arouse local interest, for majority of the people are illiterate and are afraid of losing their hard-earned money through hazardous investments in distant places.

Q. 5: The general direction and control of the Small Savings Movement may be entrusted to a high powered Board. The direction and control of the Small Savings Scheme in the rural areas should be vested in the State Bank of India.

The Small Savings approach should be made as broad as possible. In factories, offices, clubs and social and cultural organisations attempts should be made to build up voluntary co-operation from various occupa-

tional groups. Small savers may be enrolled as regular investors and a system of payroll deductions may be introduced.

The existing machinery for mobilising Savings has to be strengthened and revitalised. At present the collection of Savings appears to be only an incidental function of post offices. The ordinary functions of post offices should be carefully distinguished from the function of collecting Savings. Special staff has to be recruited and trained for the promotion of Savings. They could be induced to become more active agents in the mobilisation of Small Savings by the offer of special allowances and commissions.

More effective Savings drives and more intensive promotional campaigns are necessary. The statistics of Small Savings may be widely publicized to arouse mass consciousness towards Small Savings.

Q. 6: It is doubtful if Small Savings could be greatly increased if the Savings fund could be insured and guaranteed. This might add to the sense of security but the main problem is the problem of the wherewithals. A mere guarantee and insurance of the Savings fund cannot bring about any great increase in the quantum. Nevertheless some form of guarantee by the State and insurance of the money, if practicable, will go a long way towards creating confidence in these Savings funds which is the first prerequisite for the success of any Small Savings Campaign.

Q. 7: The National Savings workers should go to villages and convince the women that Small Savings are necessary as a precaution against sudden emergencies and dire needs. The uneducated village women folk must be convinced that instead of hoarding whatever little they do, they would do better to contribute to the Small Savings fund which would fetch an income and retain perfect security. Strange as it may appear, anyone acquainted with rural psychology will readily admit that village women can be induced to contribute to the Savings fund instead of hoarding if arrangements can be provided for concealing their contributions from the menfolk. For various reasons the hoards of women are maintained with the utmost secrecy and unless this secrecy is guaranteed thay would most probably not contribute.

Q. 8: Feature films dealing with the family emergencies can be produced with a view to making the people aware of the dark days of life. The prospects of the Small Savings can be held out as a message of hope. Such films can go a long way towards creating the necessary psychological perspective for a successful Savings Campaign

Q. 9: Radio talks explaining the possibilities of the Small Savings Campaign and the virtues of Small Savings should be broadcast regularly for the rural listners.

Q. 10: If metallic coupons are at all used, they must be either of gold or silver to have the desired effect. But that would only aggravate the problem of hoarding.

Q. 11: The PAYE system of collecting Small Savings at the source of the industrial workers, income, though effective, will in all probability be burdensome. PAYE collections in the form of Provident Fund and Employees' State Insurance contributions are being already made. The meagre

disposable income of the labourers will, in majority of cases, be unable to bear another deduction at the source. Such deductions may render the affected groups openly hostile to the Small Savings Campaign and more harm than good will be done. Compulsory deductions at the source will make Small Savings forced savings. If forced savings at any cost have to be conceded to, there are many other effective ways of achieving the objective. Voluntary contributions on the pay day should be encouraged.

Q. 13: Yes, temple properties can be made to yield a significant quantum of Small Savings. The characteristic religious mindedness of the Indian people makes them offer their mite to the temples even at the cost of much sacrifice. If these can be effectively utilised by quasi-nationalising the management and the upkeep of temples, temple properties are sure to provide a good source of Savings.

Q. 14: Mobile Banks may be useful as a means of advertisement and of providing additional service at the time of fairs and exhibitions. But, under the prevalent conditions, the usefulness of Mobile Vans and Mobile Banks as a means of mobilising rural Savings is very doubtful. The simple, ignorant village people are not likely to be inspired by confidence in Banks which are not physically situated in their own villages. The picture of a motor van speeding away with their hard-earned money out of the village will not create any confidence in Mobile Banks. Moreover, the costly equipment—a bullet-proof car may have to be provided for security reasons—is another serious drawback. Again, at the most these Mobile Vans and Banks will divert resources from co-operative banks to these agencies. In the Federation of Malaya, when an experiment was recently made, collections by Vans fell far short of expectations. The cost of making visits by Vans was all very high.

Q. 15: Small denomination Life Insurance policies may be popularised in rural areas. Policies of Rs. 100 only on very easy premium terms may be issued, specially for the rural population. The formalities have to be lessened and simplified not only when the policy is issued but also at the time of maturity.

Q. 16: In the case of income groups relevant to a Small Savings Campaign, expenses incurred on occasions like marriage, new arrivals, funerals, etc., are more in the nature of social imperatives rather than of conspicuous expenditure. Unless some radical change takes place in our social outlook and customs, such expenses cannot be stopped nor reduced appreciably.

What should be guarded against, however, is any further sudden jump in consumption expenditure consequent on the operation of the well-known Duesenberry hypothesis. With gradual industrialisation income will rise. Steps have to be taken to divert these increments into Savings, both large and small, and not to allow them to be leaked through rising Duesenberry expenses.

PROF. M. K. GHOSE, ALLAHABAD UNIVERSITY: SOME SUGGESTIONS

It has been proposed that the public sector would incur an expenditure of Rs. 4,800 crores during the Plan period. In my opinion, this

amount should be increased by another Rs. 1,200 crores in view of the American military aid to Pakistan and the danger apprehended from that quarter. This additional amount should be spent in the following manner: (1) Rs. 600 crores for immediate purchase of arms and equipment of latest type,and (2) Rs. 600 crores for defence industries (in addition to what has already been provided for in the Plan) so as to make the country independent of foreign supplies in matters of defence as far as possible. If we add to this sum of Rs. 6,000 crores the amount needed to be spent in the private sector, say Rs. 2,400 crores, the country would require Rs. 8,400 crores roughly during the next five years.

In financing this huge amount, I have no doubt in my mind that we have to gird up our loins and try to save every rupee for this purpose. Therefore, all conspicuous spending should be banned either by legislation or by heavy taxation, so heavy as to make such expenditure impossible, so that all surplus funds might be diverted to this purpose.

I am against deficit financing of the order of Rs. 1,200 crores as envisaged in the Plan and I have doubts about the possibility of realizing Rs. 800 crores as foreign aid apart from the fact that the Plan leaves another gap of Rs. 400 crores presumably to be met ultimately from deficit financing. This huge deficit financing, in my opinion, is positively dangerous. I would not also depend upon foreign aid at all. If it comes without any string I would certainly not mind it. Therefore, personally speaking, I would like to depend on my own countrymen to make the necessary sacrifice in the shape of taxes and loans. Of course, I recognise that so long as we are not able to generate additional income for the people, taxation should be moderately increased and I would certainly accept the Plan figure of additional taxation. I think that there might be a little more scope for additional taxation towards the end of the Plan period.

It is, therefore, clear that I would mainly depend on borrowing (both large and small) for financing the Plan. According to the present estimate of the Planning Commission, the country is making an annual investment of roughly 7% of the national income. This has to be raised to 15% immediately which will yield an annual investment of the order of Rs. 1,500 crores. This in five years' time should amount to Rs.7,500 crores, the balance of Rs. 900 crores or even more to be met from taxation and other sources such as surplus of railway revenue, etc.

Naturally, the question would arise as to how this huge saving and investment of the order Rs. 1,500 crores a year are to be effected. There is no doubt in my mind that this cannot be effected on a voluntary basis and, therefore, this is a matter which has to be carefully thought out as the compulsion has to be enforced on a graduated scale according to the income of each person. Bluntly speaking, this will be in the nature of a forced loan and is likely to be resented because this would reduce the general standard of living in the country which is already very low. Therefore, the bitter pill will have to be softened by publicity and propaganda that the paramount interests of the country demanded such a course and it was absolutely necessary that the present generation should stint itself for a number of years so that posterity might enjoy the benefit of the same. It would also be necessary to give an inducement in the shape of a higher rate of interest, say, 4½% to 5% in order that the people might be reconciled to a loan on a compulsory basis. It would also be necessary to see that there is no leakage and

that every rupee gets its proper return. This is very essential as the State would have no justification for an insistence on a reduction in the standard of living of the masses which is already very low unless it can ensure that every rupee realised from such forced loan is properly utilised. For this purpose, drastic legislation will have to plug all loop-holes and prevent all leakages, as far as humanly possible.

PROF. B.R. MISHRA, PATNA UNIVERSITY: SOME SUGGESTIONS

I am offering the following suggestions to increase Small Savings in our country as an intergral part of the Second Five-Year Plan:

1. Village Schools, Secondary and Primary Schools in cities, Colleges and Universities may be utilised as important agencies for increasing the collection of Small Savings by means of participation in the Campaign for Small Savings. The teachers, students and professors can play an important role, both in increasing the volume of Savings as well as in working out of the Scheme.

2. During my visit to the States, I noticed that Banks supply Savings Boxes to children and boys reading in schools for Small Savings. The children and the boys usually get small amounts of money from their parents, relatives and friends which they put in these boxes. Such a scheme would not only contribute to increase Savings but would also change the psychology of the masses towards the Savings Campaign. Besides, these children who are the future citizens of our country will imbibe the habit of Saving right from their childhood. I feel the banks in India or any other agency may supply lakhs of such boxes to children and boys all over the country, in rural and urban areas. The child is the centre of the family and the family should be the pivot of the Small Savings Drive.

3. A Deferred Pay Scheme may be evolved by which the people's Savings in the Second Five-Year Plan may be released for spending in five annual instalments during the Third Five-Year Plan. The above scheme will:

(*a*) Encourage Savings to a larger extent as it would change the psychology of the masses towards Savings in giving them a feeling that their Savings would be handed back to them during the next five years with interest. Besides, the payment of the Savings in annual instalments would correlate increased consumption with past Savings. It will not also cause a spiral of rising prices as the productive capacity of the nation in various fields of economic activity would increase *pari passu* with released spending power. In the Third Five-Year Plan, people would save money to a larger extent when they would realise that their Savings during the Second Five-Year Plan are conveniently handed back to them. Psychology plays a very important role in such matters and the Deferred Pay Scheme would catch the attention of the masses by combining saving and spending.

(*b*) Make Savings Scheme an integral part of all successive Plans by co-ordinating Savings and Investment.

4. Insurance may be encouraged by persuasion and advice among:

(*i*) Subordinate staff working in various walks of life;

(*ii*) A certain section of industrial workers;

(*iii*) Government servants;

(*iv*) School and college teachers; and

(*v*) Persons working in trade, commerce and industry.

A beginning may be made with the Government servants and persons working in semi-Government institutions.

5. Savings by postal stamps may be introduced.

6. A separate section may be opened in the post offices for Small Savings Scheme.

DR. GYAN CHAND: A NOTE ON SMALL SAVINGS

Having no personal experience of Small Savings Campaign, I am not in a position to answer most of the questions of the Questionnaire. My general view on this point is that essential as it is to mobilize the Small Savings of the people for planned development, the success of the effort would depend more upon the development programme being brought into relation with the felt needs of the people and the latter knowing from their personal experiences that it is beneficial for the masses. If the latter have confidence in the development programme and their genuine interest in it can be stimulated, they would understand the necessity of contributing their mite to make it a success. This aspect of the matter needs to be given its due emphasis and the Savings Campaign has to be placed in the hands of personnel whose obvious sincerety and devotion inspire confidence. My own impression is that a great deal needs to be done to satisfy this condition.

Collection of Savings at the source, like the deduction of contribution from the wages of the industrial worker, or payment made in *Hundis* is a convenient method of realising Savings, provided it is kept free from the slightest taint of the deduction not being fully voluntary. Most of the Small Savings must come from rural areas and that can happen only if the people there are really responsive to the call of the planned development for the establishment of a new social order. This means that their understanding of and allegiance to the Socialist objectives need to be promoted in a large measure. The administrative arrangements for Small Savings have to be suitable and adequate; but they are really secondary to the necessity of creating a full awareness of what is being done and needs to be done to realise Socialism.

SHRI MOHAN LAL SAXENA, M.P.: A NOTE ON THE SECOND FIVE-YEAR PLAN, PUBLIC LOANS AND SMALL SAVINGS

Public borrowing and National Savings are expected to play a very important role in the implementation of the Second Five-Year Plan The Draft Plan envisages that 25 % of the expenditure in the public sector, *i.e.*, Rs. 1,200 crores would be met out of proceeds from these sources. The draft further states that a country-wide machinery would be set up to reach all sections of people, including people living in the villages. Services of non-official agencies are proposed to be utilised for this purpose to the extent possible. The Indian National Congress at its Amritsar Session had passed a special resolution emphasising the importance of Public Savings and appealing to all sections of people to make their fullest contribution towards the implementation of the Plan.

While setting up of a suitable machinery for Small Savings and propaganda may be necessary adjunct of a country-wide campaign, to my mind the most important question to be considered is in what form it would make the most effective appeal to the people and induce them to make the maximum contribution to public loans and National Savings. Except in times of national crisis, like war, etc., considerations of patriotism, country's economic development and welfare of the community make but limited appeal and considerations of interest in Government Securities still less. If our past experience can be any guide for the future, we should know that public loans have been mostly subscribed by those institutions who had to make compulsory investments in Government Securities and the bulk of the Savings came from charitable institutions, widows, minors, old men and those who needed some fixed income and were not in a position to fend for themselves. Even those on whom the responsibility for the implementation of the Plan rested, Ministers, Members of Legislatures, Government Servants holding high posts, have not, for aught I know, contributed to the extent that they ought to have done. Not that they did not have spare money to invest, but they preferred to invest their savings in housing and shares, to make deposits with banks and even with private concerns, and to hoard or spend it otherwise, rather invest in Postal Savings Certificates and Government bonds. And they are not much to blame. For, in the absence of a developed civic sense in the people and still more due to the lack of facilities of health, housing, education, employment, old age pension, etc., as are provided by Governments in other advanced countries, it is but natural that they should think of making provision to that end themselves. I have no doubt that people would readily invest in Savings Schemes which are likely to secure these objects.

Again one or two schemes are not likely to appeal to all the people and, therefore, schemes shall have to be prepared having full regard to the needs and conditions of different sections of the people, in order to elicit from them maximum contribution.

But before the formulation of schemes careful survey has to be made as to which sections of the people have or are likely to have spare money and under what conditions they can be induced to invest it in Public loans and Savings Schemes. Roughly speaking, following sections have to be specially tapped:

(1) Princes, (2) Salaried employees, (3) Peasants, (4) Contractors and (5) Persons in possession of black market money.

I have been all along of the view that it should not be difficult to raise considerable sums of money from Princes provided some special inducement is offered to them as was being done during the British regime. Besides money, they have got other resources and a number of them are capable and patriotic. I feel, in consultation with the latter, it should be possible to evolve a few schemes under the Plan for which their co-operation and support, their talents and administrative experience and not only a part of their privy purse emoluments, but their surplus money may be available for the implementation of the Plan. It is common knowledge that they are greatly concerned about the future of their next generation and dependents. If certain assurances could be given to foreign investors for a period of 25 years, I think there should not be much difficulty in associating them with industrial and development schemes under the Plan in the Public Sector and guaranteeing a fixed return on their investments to them and their successors for 20 or 25 years. In the absence of any such schemes they have perforce to invest in big business or keep their money hoarded.

I feel, considerable amount of money could be raised from salaried persons and middle-classes, if encouragement were given to housing. So far the Union Finance Minister has been opposed to any money being invested in housing. I believe past experiences must have shown that notwithstanding this policy bulk of this money was not attracted to Government loans or industrial concerns. I hope by discarding this policy and encouraging housing we shall not only mop up considerable amount of saving but also save the money locked up in jewellery and gold which will expand the volume of employment and promote building and ancillary industries.

Other schemes which are likely to attract investments from salaried and middle-classes are those as may be instrumental in effecting some reduction in th day-to-day expenses or be a source of some additional income and supplementary employment.

Similarly, peasants can be induced to invest in Savings Schemes provided they are formulated in such a way that the bulk of the proceeds are invested in some local projects from which they are likely to benefit directly or indirectly. It may not be out of place to mention that the Rural Credit Survey Report has pointed out that additional Savings could be strengthened by arousing local interest and enthusiasm and further, that the people would be encouraged to save and invest if funds raised from such savings are earmarked for local development projects like tube-wells, reconstruction of villages, village industries and rural housing. It may be incidentally mentioned here that for rural areas metallic tokens would prove more attractive instead of paper coupons.

Since people falling under the category of contractors are likely to derive in the immediate future greater benefit from the implementation of the Plan, than those falling in any other, it is but proper that they should be required to contribute their full share for raising the funds needed for the Plan. This object could be easily secured by making a rule requiring a part of the earnest money and security deposits, say, 5 to 10% to be made in Government bonds issued during the Second Plan period.

As regards black-market money which has gone underground and is either being hoarded or utilised in anti-social activities, it is common that suitable steps should be taken to fret it out. At the time of the appointment of the Income-Tax Investigation Commission, the concealed incomes were estimated to amount to nearly Rs. 500 crores. Notwithstanding its efforts during the last nine years the Commission has not been able to unearth even 20 % of the concealed incomes. Now owing to difficulties experienced in its working, there appears to be no hope of its making much headway. Under the circumstances, I would like to repeat my earlier suggestion in this connection for issuing bearer bonds for national development at a premium of 25 to 30 per cent subject to the condition that no investigation would be made in respect of the money invested in bearer bonds for income-tax purposes. Due to apprehensions there may not be much response in the beginning but I feel it may be possible to raise Rs. 50 to 100 crores during the Plan period. In any case the experiment is worthwhile.

In conclusion, I may give a few of the Savings Schemes based on the aforesaid ideas.

Savings for Housing: In my note on Housing to the Planning Commission I had suggested the development of 40 to 50 lakhs housing plots in healthy environments with proper road, drainage and lighting arrangements. The Draft Plan is silent on this point, perhaps, due to paucity of funds. I still feel necessary funds for the same and more can be raised by issuing Housing Bonds. The developed sites being sold on no profit no loss basis and preference may be given to holders of these bonds. They may also be given some priority in the matter of scarce building materials or construction of residential houses. It should not be difficult to raise Rs. 100 crores under this scheme.

Savings for Orchards: Another scheme which is likely to appeal to the people particularly salaried and middle-classes is development of one to two lakh orchards with an average area of 5 acres. Here I would only say that under the scheme employment could be provided to about 5 lakh persons on a permanent basis besides temporary employment to a much larger number during the Plan period. The annual yield is expected to be at least Rs.500/- per acre, so that even if one lakh orchards could be developed they provide a net annual income of Rs.25 crores. I suggest orchards savings bonds should be issued for the purpose and the holders of these should be given preference if possible at the time of the sale of the developed orchards.

Milk or Cow Savings Scheme: In my note on production of milk already submitted to the Planning Commission, I have made several suggestions for improvement of milk supply, for the setting up of milk co-operatives in urban areas and facilities for the purchase of good cows in the rural areas. For the implementation of these suggestions I am of the view that milk or cow saving bonds may be issued and the holders of these shall be entitled to certain facilities in the supply of milk and purchase of cattle. If suitably worked out, it should not be difficult to raise a sum of Rs. 50 crores under this scheme.

Savings in Rations: In view of the rising trend in prices people with fixed income would naturally be anxious to avail of any

scheme under which they may be assured of their ration requirements at certain prescribed rates. I, therefore, suggest that "Save in Ration" bonds may be issued, the hoders of which may be entitled to get during the year certain fixed quantities at prescribed rates. The details could be worked out. Farmers' Co-operatives in rural areas and Consumers' Co-operatives may be helped with funds so raised. I have no doubt that this would make the greatest appeal to the people and it should not be difficult to raise Rs. 10 crores a year from this source. Besides mopping up the savings of the people every year it would prove a potent instrument in the hands of the Government for stabilising prices.

Several other Savings Schemes with popular appeal could be thought out; but for the present, I would content by saying that with proper approach and suitable atmosphere, it should not be difficult to raise Rs.1,800 crores from Public loans and National Savings.

APPENDIX E

REPLIES TO QUESTIONNAIRE FROM PRADESH AND DISTRICT CONGRESS COMMITTEES

HYDERABAD CITY CONGRESS COMMITTEE

Q. 1: A majority of population, specially the business community in urban and rural areas, would be able to contribute a large sum for the Small Savings. They should be asked to contribute according to their ability to pay and a minimum of anna one per rupee should at least be asked to save from the profits.

Q. 2: In Hyderabad City campaign was launched and response was satisfactory.

Q. 3: You must induce them to contribute for Small Savings for three reasons, namely, to gain satisfaction of serving the country, to earn a good income on investment and to secure the future for their children. We must also induce them by saying that by investment with the Government they would not only be saving their funds but also helping the Government in building a New India.

Q. 4: The suggestion is sound. If the investments made by persons are earmarked for local development, it creates confidence among the general masses and they become enthusiastic to invest their savings for the development of their area or locality. By helping the Government they would be enjoying all the amenities of life.

Q. 5: Development of Community Projects would be the best means and the proper method for raising money, as it creates confidence in the minds of the people.

Q. 6: Yes. They should insure on the same levels as the Insurance companies do.

Q. 7: The effective way of spreading the savings habit amongst women would be that we must tell them that the Government would pay 4½% interest on their investments, free of income-tax. Besides this it would be a compulsory saving for the future of their children who are to become free citizens of India at a future stage. The investment is payable to the holder whenever need be, and it would also be paid to the legal heir in the event of premature death of the holder.

Q. 8: The Film should intensify campaign about the advantages of the Small Savings as mentioned in item three above.

Q. 9: The Government, from time to time, should communicate its views and developments to the public and impress on them that ours being a democratic Government, it cannot run without the co-operation of

the general masses. Sound is produced only when two hands are clapped together. So also the Government cannot run without the assistance of the public. Unless the public helps the Government it cannot develop its resources. The public should be appraised of the developments and schemes from time to time.

Q. 10: The suggestion is not sound in view of the fact that if metallic coins are issued in place of paper coupons, there may be misuse of the metallic coins and it may lead to misappropriation.

Q. 11: Our reply would be in the Negative.

Q. 12: The suggestion is sound and it may be implemented with advantages. The places where monetary transactions take place, the business community or the people in general be asked to contribute a portion of their profits as compulsory savings and this should be infused in them as a compulsory professional tax.

Q. 13: Yes. We are in favour of making legislation like the Religious Endowments Act made in Madras on a uniform scale applicable all over India.

Q. 14: Thrift habit has to be created amongst the general public.

Q. 15: This can be done provided the poverty and unemployment among the public are removed.

Q. 16: Expenditure incurred in connection with propaganda for the Savings Campaign should not be regarded as a wasteful expenditure. Advertisement is a cost and not an expense.

Q. 17: On such occasions you should advise them the various uses of Savings and their effects at a later stage. By so helping they would be able to help in building a New India.

Q. 18: In our opinion, the present system is sound and it should be done on a large scale. More than anything, India should be made self-sufficient so that the thrift habit could come automatically amongst people, and they start saving.

Q. 19: The present course of training is sound and in our opinion it requires no change.

Q. 20: National Savings stamps of denominations as. 4, as. 8, and Re 1/- should be made available in large numbers to meet the demands of the public and every individual should be asked to take stamps worth at least Re. 1/- every month. The public should be allowed to withdraw money not earlier than a year, as it would mean compulsory saving.

Q. 21: The suggestion of issuing certificates is sound and it may be implemented so that the general masses may be induced to purchase, and they will be encouraged.

NAGPUR NAGAR (DISTRICT) CONGRESS COMMITTEE

Q. 1: Especially businessmen in rural areas and persons having fixed income in the urban areas would be able to contribute towards Small Savings. A minimum quota of about 8 lakhs for every district may be fixed.

Q. 2: The section worked by us consists of four districts of Nagpur Pradesh, namely, Nagpur, Chanda, Bhandara and Wardha. The Small Savings Campaign launched by the State has been particularly successful in Nagpur and Bhandara districts.

Q. 3: As regards people in urban areas, they should be induced to invest more in Small Savings, by asking them for monthly investments out of their fixed income or emoluments and persons employed in private firms and business concerns who are getting additional income such as bonus should be specially requested to invest the additional income in Small Savings. As regards rural population their income is not generally stable and as such they are not inclined to the investment which would give them huge profit in the form of interest and that too for a very short period. Moreover, growing number of bogus firms, which tempt the people by declaring higher interest rate, has caused their disinclination. The agency system of Small Savings has moreover exploited the situation adversely. The general tendency of all the agents is that they offer out of their remission a proportion to the inclined investors to give them additional amount. The Agency System, therefore, should be abolished and in its place non-official Organizers should be appointed giving them fixed emoluments. The A.I.C.C. may take a step in this direction so that the system would get new impetus and would be more extensive.

Q. 4: This is just and proper, and if given proper impetus would attract investors.

Q. 5: Social Organizations such as Bharat Sewak Samaj and religious institutions at the State and district levels would be proper to advise to raise funds to Small Savings. At the Central level, a Central Committee consisting of various constructive workers from different States may be formed.

Q. 6. Savings Fund may be insured and guaranteed.

Q. 7. A committee of rural women may be formed for the purpose giving them a fixed remuneration for Small Savings work so that they may utilise this income for their uplift.

Q. 8. Films as a medium of propaganda are of a great use and constantly releasing them in various parts would be useful. Moreover, small feature exhibition through films especially kits based on rural population, would be of extreme help.

Q. 9. At present Radio announcement is made only at the time of Savings Week. In rural programmes of various stations, feature dramas should be a constant programme.

Q. 10: Paper coupons are more safe and convenient than metallic coins as there is rare possibility of them being lost or misplaced.

Q. 11: A fixed cut in the wages of the wage-earners would be of immense help but issuing metal coins would not be profitable as they effect a risk of keeping.

Q. 12: The suggestion is worth practising.

Q. 13: We agree with this view.

Q. 14: Both will be of much use.

Q. 15: As both differ in nature, Insurance business would not be effectively used for harnessing Small Savings.

Q. 16: Insurance is regarded in many spheres as wasteful.

Q. 17: This would be of immense help and would bring astonishing success to the system.

Q. 18: The defects have been pointed out in answer to Q. No. 3.

Q. 19: A permanent Training Institute as well as compulsory training to every candidate who has passed S. & C. examination through different Universities is very essential.

Q. 20: Withdrawals should be so convenient as to meet the emergency needs of the investors. This would induce the investors more and more.

Q. 21: Non-official Organizations have been mentioned above. Certificates, prizes, letters of credit would give new impetus.

MOHINDERGARH DISTRICT CONGRESS COMMITTEE, (PEPSU)

Q. 1: The business population of both the urban and rural areas can invest in Small Savings Scheme. The rest of the population already being poor cannot contribute to such scheme because their daily wants of food and clothing are hardly met.

Government employees whose pay is upto Rs. 100/- should deposit 5%, and upward salaried persons should invest 10% of their income.

Q. 2: No.

Q. 3: Instead of outward general publicy we shall have to lay more stress on personal and door to door contacts. Canvassers should preferably move in small batches because these can be more effective.

Q. 4: The people will be encouraged to save and invest the money if the amount is earmarked for their Local Development Projects. But it requires persistent efforts to infuse in the masses the belief that their amount will be invested in the local development projects.

Q. 5: In our opinion at the Centre level the A.I.C.C. is the only organisation in India to advise as to the proper method of saving money. The D.C.C. can also do a lot. The local M.Ps. and M.L.As. also share the responsibility and contribute a substantial amount out of their salaries regularly in Small Savings Certificate.

Q. 6: The funds are already secured and guaranteed, but what is required is that we should infuse trust in masses who are ignorant about it, being illiterate.

Q. 7: The effective way is to inculcate in them the simple habits; and to increase in their personal incomes, they should be provided with some personal work like spinning and other home industries. In schools and colleges girl students should be taught industrial work. '*Golak*' (A small earthen pot with a slit to insert coins) system should be introduced. Ladies should be approached to save something daily and put their daily saving in the *Golak* according to their capacity of saving. After a regular interval they should be replaced by National Savings Stamps and Certificates.

Q. 8: It can certainly be a great success.

Q. 9: The propaganda through radio by some feature dramas, one-act plays and songs can be of good help.

Q. 10: In our opinion it is not practicable and handy.

Q. 11: In our opinion the wage earners being already hard hit, any reduction from their daily wages will not advance the cause of the National Savings.

Q. 12: The local Panchayats should be coopted with Congress, village committees and be persuaded to intensify the Campaign at the time of harvest.

Q. 13: Yes. We agree with the idea, but under the present circumstances it will be better if the land revenue which is freely given to them, be charged in the shape of National Savings Certificates.

Q. 14: They can be effective to a great extent.

Q. 15: The active workers or responsible workers to be appointed as Insurance agents, and the commission earned by them should go to party funds.

Q. 16: The Government employees specially and the public in general, be persuaded to desist from the habit of drinking and unnecessary litigation. Heavy taxes should be imposed upon luxurious articles.

Q. 17: In our opinion, on the occasion of the birth of a son in family and marriage of a son, some thing should, by legislation, be made compulsory to be contributed towards the Small Savings fund according to their standard, status and capacity. Unnecessary expenditure on the death of old men and women should be stopped by legislation.

Q. 18: On Government level, D.C. and District Small Savings Organisers should see whether the officers are fulfilling their duties in this respect. An immediate report should be taken from the officers concerned as to the result of the work. If the results are not satisfactory they should not be retained because they are the burden on the exchaquer of the society.

In colleges and schools, some marks should be reserved for results on percentage of their bills.

All the Government contractors should invest in small savings a particular percentage of their bills.

In forward delivery transactions there are so many men who are doing forward delivery business through limited concerns. They should charge, when the payment is made to their dealers, in the shape of 1% of National Savings Certificates when the profit is paid to them.

Q. 19: Refresher course should be introduced on Tehsil level.

Q. 20: In our opinion this is not practicable.

Q. 21: In our opinion the grant of certificates, etc., will surely encourage the workers to intesify the work.

KARNAL DISTRICT CONGRESS COMMITTEE, PUNJAB

Q. 1: In rural areas of Punjab, majority of peasants can contribute to Small Savings. Besides them, some shopkeepers and cottage industry workers can also contribute. In urban areas, every section of population can contribute if properly approached.

Q. 2: No such area was chosen in this district.

Q. 3: Some of the effective ways of appealing to the public are:

It should be again and again brought home to them that while earning more interest and inculcating the habit of saving money for future, they, by investing in the Small Saving Scheme, do a great national service. The real picture of the available resources for the 2nd Five-Year Plan should be placed before them and they should be told that the nation requires their services. Without their cooperation in this regard, we will have to depend on foreign aid and still might not succeed. Our sense of patriotism demands that we should make this sacrifice so that we may not be under the obligation of some foreign power. In short:

(1) Their sense of patriotism should be roused.

(2) They should be told that the country needs their services in the form of contributions.

(3) They can and should make these contributions and thereby become participants in the evolution of an India of our dreams.

(4) The sacrifice will not go in vain.

Our experience is that if difficulties of the nation are brought home to the public, they gladly co-operate and even make sacrifices to overcome these difficulties.

Q. 4: We agree with this aspect of the Rural Credit Survey Report. But there should be additional promise that Government will also contribute something.

Q. 5: A non-official committee consisting of such representatives of political parties as believe in the scheme and are prepared to work for it, should exist at the State and district levels. At least one jeep should be placed at its disposal in each district. All the officers in each department should be directed to co-operate with this committe. Similarly, there should be such a committee at the Centre level. Besides, there should be a separate department at the Centre and in the States under the charge of a minister. The Central and States non-official committees should be presided over by the minister concerned.

Q. 7. Among women, in the rural as well as urban areas, the most effective way of spreading the saving habit is through women workers and suitable dramas.

Q. 8: Films can greatly help in this campaign. They can make the country small savings minded.

Q. 9: Radio can also be a very useful medium for the purposes mentioned in items 3 and 8 above.

Q. 10: It will not make any difference. Only expenses will increase. Rather children will take away the metallic tokens from rural families.

Q. 11: We are in favour of the proposal provided the wage-earners are organised in their respective unions and approval of the union has already been obtained. If properly approached, the approval of their unions will not be difficult.

Q. 12: The idea is good but it should not smack of any compulsion to the villagers. The scheme will totally fail if the people somehow feel that they are forced to contribute to Small Savings Scheme. In the Punjab, there are Market Committees in every *mandi*. These can be mobilized for doing this work.

Q. 13: Yes. There should be an Act, like the Madras Act, applicable all over India.

Q. 14: Mobile Savings Vans and Mobile Banks can be very useful for this purpose. We have already hinted that every district committee should be provided with a jeep. The Mobile Savings Van and Bank can serve that purpose as well. The Scheme could not be more popular in the past as there are great difficulties in withdrawing the deposits by the villagers. These Mobile Vans and Banks should also afford this facility to the villagers.

Q. 15: If Insurance and Small Savings could be co-ordinated, nothing like it.

Q. 16: Feasts in honour of ministers and leaders, and decorations and feasts at the time of marriages should be discouraged. The leaders should not participate in such functions. This is the only way of discouraging them. We don't like legislation to stop these.

Q. 17: We don't agree with this suggestion.

Q. 18: In Our opinion, there is practically no campaign at present. Only some posters are published and circulated in the public. Films, radio and mobile vans, public meetings—all should be mobilized to rouse the public to its patriotic sense and saving habit; co-operation of non-officials at each level should be obtained as suggested in answer to Question No. 5 and a net-work of trained workers should be spread throughout the length and breadth of the country. Moreover, there should not be so many kinds of Small Savings Schemes as are in vogue at present. More schemes only confuse the public.

Q. 19: They should be regularly trained as Gram Sewaks just as any other job-doers are trained by efficient and patriotic staff which understands the needs, problems and the psychology of the public.

Q. 20: The method of mobile vans and mobile banks seems to me to be the best method both for deposits and withdrawals. At present, due to lack of facilities and difficulties while withdrawing money, the Scheme has become unpopular.

Q. 21: The best method of drawing non-official help is that given in answer to Question 5. In addition, the idea of starting a system of certificates of merit, etc., is desirable. Villages which contribute maximum amount in a district or tehsil should also be rewarded. We should not ignore these time-honoured methods of getting work. Besides, the collecting agents should be given proper monetary commisson and they should not be asked to deposit cash securities as at present. Only reliable surety should be enough.

If action is taken on the lines of effective salesmanship and efforts are made to secure the active cooperation of non-officials on the lines suggested above, there is no doubt that we will collect even more than Rs. 500 crores during the next five years.

HAILAKINDI DISTRICT CONGRESS COMMITTEE, (ASSAM)

Q. 1: The persons who get regular and fixed monthly income; three pies for the income of every ten rupees in part of it to the unit of Rs. 50, four pies upto Rs. 70, six pies above that.

Q. 2: No.

Q. 3: The Rural Development Officer may be entrusted to arrange meetings in different parts of the sub-division and address people on the subject.

Q. 4: Yes, this would create some interest.

Q. 5: Publicity Department of the Government.

Q. 6: Yes.

Q. 7: Publicity should be given through the Mahila organisation of the area.

Q. 8: Films would play a great part in the matter.

Q. 9: At least one Talk in every week from different radio stations may be of much benefit in the matter.

Q. 10: A metallic token would be more attractive.

Q. 11: Yes, this would be the best method.

Q. 12: Idea is very good; through Primary Congress Committees and Co-operative Societies.

Q. 13: Yes.

Q. 14: This will greatly help the Campaign.

Q. 15: By paying premium regularly.

Q. 16: Smoking, drinking tea, use of luxurious goods, these are not conspicuous and wasteful expenditure. Good propaganda is necessary to stop all these things.

Q. 17: This may be suitable in rich families but would not be appreciated by the poor people who need money at the time of marriage, specially of daughters.

Q. 18: Yes; publicity through political organisations and also on the Government level.

Q. 19: Steps may be taken by arranging camps in different districts.

WOMEN'S DEPARTMENT, VINDHYA PRADESH CONGRESS COMMITTEE

Q. 1: In our opinion the businessmen would be able to contribute as much as they desire in view of the fact that they can afford to do so, but as regards the fixation of target of minimum contribution, the fallowing procedure is hereby suggested for Government employees:

(*i*) Government servants drawing salaries up to Rs. 400 P. M.—5%.

(*ii*) Government servants drawing above Rs. 400 per month—10%.

Q. 2: Women's Small Savings Drive was launched in Rewa by the State through the Lady Social Workers of the Town and it has proved very successful. It is particularly observed that Small Saving Scheme has to approach the society through the Agency mostly of women who are always in a position to divert part of their household economy to gain some investments like the Small Savings Certificate.

Q. 3: —Do—

Q. 4: The observations made in the Rural Credit Survey Report under reference applies very particularly to voluntary contributions in which the general appeal is that the amount so contributed will be spent on local developments and where it works alright. In case of investments like the savings, such an appeal has no significance and, therefore, does not apply.

Q. 5: The proper organisation envisaged by us for the successful implementation of the Scheme is a machinery predominantly manned by women social workers from top to bottom, invested with full executive powers.

Q. 6: Yes.

Q. 7: Except well to do class of families in the several areas, there is not much scope.

Qs. 8 & 9: The suggestions alluded to in 2, 8, & 9 will prove very useful.

Q. 10: Metallic Token will entail extra expenditure and will carry the same value to the public.

Q. 11: No, in view of the fact that they are living from hand to mouth.

Q. 12: Yes. The businessmen may be approached to organise themselves by the State Authorities.

Q. 13: Yes.

Q. 14: Mahila Saving Vans will prove very useful as well as Mobile Banks.

Q. 15: Yes. A part of the total premia may be diverted in the form of Small Savings Certificates.

Q. 16: By the very slow process of social evolution, whereby huge amount spent on various ceremonies and social evils will be stopped.

Q. 17: — do —

Q. 18: The methods alluded to in Qs. 2, 8, 9, 14 will prove very useful.

Q. 19: In order to train National Savings Workers. Savings Week may be organised in different areas.

Q. 20: If the procedure in regard to the purchase and encashment of National Saving Certificates as well as the accrual of the interest thereof is placed on par with the procudure in regard to Postal Saving Bank account, the Scheme will prove very successful and alluring.

Q. 21: This idea will prove very encouraging.

MAHAKOSHAL PRADESH CONGRESS COMMITTEE

Q. 1: In the rural areas, petty businessmen, middlemen, forest and excise contractors, big cultivators, ex-malguzars, venders, heads of religious institutions, collectors of forest produce and persons connected with rural motor transport services can be persuaded to contribute small savings. Particular attention is drawn towards the capacity of the persons connected with forest contracts and forest industries, since this type of work provides employment to the people of M.P. to the extent of 30% to 45% of the total population. Any scheme of Small Savings introduced in this section of the population will command a wide coverage both in terms of geographical area as well as total population of the State. Besides, from organisational point of view, it will be easier to approach this section, because forest contracts are the prime movers of this sector. The officials of the Forest Department should be instructed to popularise the Small Savings Scheme among the forest contractors. However, contributions to Small Savings should not be made a part of the terms and conditions of a contract. But, at the same time, the forest contractors who enthusiastically cooperate with the Small Savings Scheme should be accorded preferential and co-operative treatment by the Forest Department without introducing any element of favouritism or personal discrimination. The Forest Guards and the village Patwaries should be instructed to propagate the Scheme in the rural areas.

Q. 2: Besides utilizing the modern methods of publicity and propaganda, it is suggested that indigenous methods of publicity and co-operative institutions should also be experimented. For example, the Village Panchayats, caste organisations, local festivals and ceremonies, social events and seasonal festivals may prove of immense utility. At the harvesting time, the cultivators of Madhya Pradesh donate a portion of their crop to local dieties, social institutions, etc. It is quite possible that if local people are once convinced of the uitlity of the small savings, they will develop the habit of contributing to Small Savings regularly, because, like the old social institutions, Small Savings will also serve a social purpose.

Q. 3: *I agree with the* recommendations contained in the Rural Credit Survey Report that local savings should be earmarked for local development projects. This will have a tremendous psychological effect upon the local people. This arrangement will have the following advantages:

(a) Opportunity for the local people to observe and watch the investment of Small Savings in and around their villages.

(b) There will be a co-relationship between the local requirements and the mobilisation of investible capital leading to a lively link between the tempo of capital formation and investment plans.

(c) It will provide an opportunity to the local people of reaping the benefits of the locally financed projects in a shorter time and nearer their own homes.

Q. 4: The District Committees should consist of the official representatives, officials connected with Development departments, industrialists and businessmen, social workers, bankers and money-lenders, ex-malguzars and persons connected with the Co-operative Movement. Similarly, at the State level the Committee should be made as much of representative character as possible. At the Centre the Committee should consist of representatives of State organisations, experienced bankers, economists, social workers, and one or two psychologists or sociologists.

Q. 5: Women can play a very important role in the Scheme because savings are not so much the results of increased income as of controlled expenditure, and women invariably control the expenditure budget of the family. Generally, the women are in the habit of saving something secretly not to be spent but to be utilized in critical times of the family. If women are convinced that the secrecy of their savings would not be disclosed, that they will add to their saving by way of earning interest and that Savings Certificates will be easily encashed in times of crisis, they would certainly contribute their mite to the Campaign. But a vital point must be remembered that a woman generally confides in a woman. Therefore, only women workers should be entrusted with the work of Small Savings among the women. Women have got the greatest attachment towards their children. I would suggest that while issuing Saving Certificates to woman, a small photograph of her child should be affixed on it. Whenever she should see the certificates the proposed photograph will remind her of the fact that she is saving something for her child. Another measure may be that saving contributed by the women should partially be earmarked for the uplift of women. For example, in big villages handicraft centres and child welfare centres may be financed through savings to some extent.

Q. 6: Since wage-earners are paid money wages regularly, saving habit should be encouraged among them on a planned basis. This will have both positive as well as negative advantages. On the one hand, they will be making contribution to the national investible fund, and on the other hand, they will save themselves from unproductive expenditure, usually resorted to on receiving pay. The trade unions and other labour organisations should be persuaded to extend their co-operation. An attempt should be made to invest a part of the wage-earners' savings in the local projects aiming at labour welfare, particularly housing and medical facilities. Whenever possible the trade unions may be persuaded to undertake such projects on

the conditions that a particular proportion of finances will be raised by them from wage-earners. Such projects should include buildings for the offices of the recognised trade unions.

Q. 7: Strengthened organisational net-work, where monetary transactions are brisk, will certainly intensify the Savings Campaign. The local market committees or Panches of the *Mandis* should be entrusted with this work. Even now, the businessmen, if they decide to construct any *Dharamshala* or shed or well, create a *Dharmada* fund to which every buyer or seller contributes according to the amount involved in a transaction. The sellers of agricultural produce will also contribute enthusiastically if they are informed that a part of the proceeds of the fund will be invested in the projects of their areas. Where licensed dealers are concerned, it should be made one of the conditions of the licence that they will be contributing, say, 1 or 2 per cent of the total transactions to the Small Savings Scheme.

Q. 8: Savings and wasteful expenditure go ill together in a planned economy. Some examples of conspicuous and wasteful expenditure which have no social sanction are: maintenance of a number of bungalows by rich persons at different places in the country or in the same city or town; maintenance of a number of cars when a lesser number can serve the purpose with little inconvenience; dinners and parties with pomp and show just to gain social status; grand and expensive receptions accorded to the political leaders; foundation-stone laying and opening ceremonies, inaugural functions, etc., which could be organised in an atmosphere of sobriety, sanctity and dedication rather than in the form of drum-beating and propaganda and publicity.

The Congress Ministers should first set an example of simplicity and austerity and whenever there is a lapse from the accepted standard of austerity, they should issue warnings to the organisers of such functions. The A.I.C.C. should keep itself in touch with the regional newspapers from this point of view and detect exemplary cases of conspicuous and wasteful expenditure on the part of the Congressmen.

APPENDIX F

NOTES AND REPLIES FROM OTHER INDIVIDUALS

Mobilisation of Rural Savings: Some Suggestions

By

Shri B.C. Ponnappa, Madras

In the intensification of collection of Small Savings Scheme, much depends on the correct approach to the common man's needs, especially to the people in rural areas who form about 80 per cent of our population. Under the present condition, he should be helped by our Government with proper facilities to enable him to contribute his mite to the savings pool.

It has been found from experience that the earnest efforts made by the National Savings Department and some of the Insurance Companies have not resulted in as much success as it should have been, as the collection part of small amounts was very difficult. On the other hand, the remitting of small premium by the Assured cost him very much in comparison to the premium, *i.e.*, by way of money order commission on each remittance. Then again, majority among these sections of people are those who cannot spare the required amount at the specific period to pay or remit quarterly or half-yearly premiums or purchase National Savings Certificates, National Plan Certificates or time deposits (which are going to be introduced).

I may be permitted here to point out that the introduction of Revised National Savings Pass Book through the Postal Department would help a poor man considerably because:

1. When he possesses a National Savings Pass Book by purchasing savings stamps of annas four or by taking up a Life Insurance policy, it always reminds him of his duty to see that he accumulates the required amount within the specific period for specific purposes by purchasing savings stamps from the post office or from postman in rural areas.

2. This checks him from spending away such accumulated savings since his economic conditions are such that there are possibilities of his spending it otherwise.

3. When once he starts saving under the system, it will inculcate the habit of thrift in him and this will help him to maintain the continuity.

So, by the introduction of the Revised National Savings Pass Book, the Government will be helping millions of people of smaller means to place their savings at its hands towards aiding Five-Year Plan.

And this would ultimately enable our Government to tap the Savings of 80% of our people who live in rural areas.

Life Insurance collection through Postal Department with the aid of National Savings Pass Book and Savings Stamps:

1. The assured pays the premium by purchasing savings stamps from the post office or from the postman in rural areas and affixes the stamps on the perforated remittance card of the National Savings Pass Book.

2. This helps the people of smaller means, who cannot at a time remit the quarterly or half-yearly Life Insurance premium amount in lump-sum, to accumulate the amount by purchasing savings stamps from the post office or from the postman in rural areas and remit the same by tendering the perforated card on which savings stamps are affixed at the money order counter of the post office with the policyholders' name and address, policy number and the amount of premiums for which the postal authorities will issue a receipt with the policy number entered thereon and forward the perforated card to the Insurance Corporation.

3. The postal authorities will forward the perforated card to the Insurance Corporation of India, with an acknowledgement receipt attached to it, to be signed by the receiving officer in favour of Insurance Corporation of India while receiving the perforated card. The Insurance Corporation will put the office seal on the reverse of the perforated card on which the savings stamps are affixed, acknowledging the receipt of the amount tendered and retaining the bottom column for office use. The other portion will be presented to the postal authorities in lot for receiving payments to the value of stamps affixed.

4. Postage expenses and commission are to be borne by the Insurance Corporation by arrangement with the Post and Telegraphs Department.

5. Stamps will be available in post offices (and in rural areas from postman also) in denominations of annas four, annas eight and one rupee.

6. In addition, Insurance Corporation will be authorised to buy these stamps for distribution amongs their field staff and for stocking them at various centres.

7. With every policy issued by the Insurance Corporation for a sum assured of Rs.1,000 and below, they will send a National Savings Pass Book which will be supplied by the post office to the Insurance Corporation.

8. Space will be provided in the perforated card for any message to be passed on to the Insurance Corporation.

9. To achieve better results and for increasing business, stamps of denomination of Rs. 2-8-0 may also be made available.

A Note on Savings

By

Shri P.U. Oza, Officer On Special Duty, ICAR

The National Savings Commissioner, in a statement made sometime in November, mentioned that although most of the targets laid down by the Government were being fulfilled, the major part of the savings came from the upper middle-class or from different provident funds, etc., and that a very large section of rural population was as yet untouched.

Admitting that this is a potential source of sizable savings, it was stressed that some means need to be evolved to tap this source.

Not going into details, I may give below some of the problems, which I believe are inherent in a drive which works under certain limitations and some suggestions to try to meet these problems:

Problems

The problems are:

1. Lack of contact with the potential saver;
2. Where contact has been established, lack of proper understanding of the Savings Scheme;
3. Lack of means to create understanding of the usefulness of the Scheme not only on patriotic basis for accelerating development work but on the basis of economic and other advantages accruing to the saver;
4. (*a*) Lack of non-official co-operation in helping the Savings Campaign based on a reluctance of the Government in organising savings work by making proper use of volunteers; and (*b*) reluctance in giving recognition to the efforts of non-official agencies or volunteers to provide further incentive fors avings work.
5. Lack of a nucleus equipped to whip-up a bold and imaginative drive based on mass communication aimed at the rural population.

Although the National Savings Workers are doing a useful job in tapping as many available sources as possible, they are handicapped because there are not enough of them and because the approach made to the individuals is very much limited.

A sample survey made to ascertain how many of the educated urban people even respond to the plea to save, reveals that majority of them save because they have already made up their minds to do it, but a larger majority does not do it because they have either not been approached individually or they have not seen or received any material gain which would induce them to do so.

The survey also reveals that most of the people who read newspapers come across advertisements dealing with National Savings but do not summon up enough energy to walk down to the post office and fill lengthy

forms to be able to purchase the certificates. Another section of those asked felt that it may be difficult to encash those certificates or to keep them for a long time with them without either losing them or being able to get their money with as little botheration as possible.

Suggestions

1. The first and foremost task, therefore, is to enroll as large a number of good workers as is possible and to equip them with enough information and material dealing with different aspects of Small Savings rendered in a form convincing and acceptable to the person whose pocket is to be touched.

2. As was done by the Ministry of Food and Agriculture in launching the country-wide campaign to inspire the farmers to adopt what is now known as the Japanese method of paddy cultivation, a number of selfless workers and agencies, like Gandhi Smarak Nidhi, Bharat Sevak Samaj and other Constructive Workers may be drawn into this work and may be fully briefed to be able to convince the rural population of the need for savings both for nation building and home building.

3. If the small saver does not come to the post office, take the Savings Certificates with necessary paraphernalia to the saver. This can be done by simplifying procedures and by making investments in savings as easy as purchase of a post card. Savings requires creating mass psychology in favour of such investment through educating and inspriring the public.

4. At the same time, when a campaign is launched, if those who are approached are not in a position to invest immediately by having easy facilities available to them, their ardour may cool off. In order to get in as large savings as possible, it is necessary to launch a tremendous drive and to be able to launch this tremendous drive and to get the savings in, it is necessary to ensure that wherever the drive is launched, Small Savings Scripts, stamps, cards, albums, etc., are easily available.

5. The question will be asked, how can the non-official agencies be drawn into this work? It may be easy to appoint non-official agencies and workers as agents but it may be difficult to ensure that they work after some initial enthusiasm. Although a recognised agent gets his commission, there may be people who will work without commission but to whom a slight recognition of their efforts may mean something. It may, therefore, be worthwhile instituting a system of Certificates of Merits, Letters of Appreciation, prize for highest savings inspired by certain area or within the same category of workers, agencies, etc.

6. It may be possible for the Congress and other parties through their agencies to try to create the atmosphere necessary for such a drive. But this can best be done if the Government and other agencies co-operate and help pour constant stream of material not only into the hands of the workers but also into the rural areas for the consumption of savers themselves. It may also help equipping workers with such aids as would simplify their task while trying to convince groups of savers.

7. Co-ordinated efforts, whereby popular organisations create the atmosphere and the official agencies take advantage of it by drawing in the savings, may yield the desired results.

A Note on Small Saving

By

V. K. N. Chari,

Public Relations Officer, Gemini Studios, Madras

There are ways and ways of saving and the average man in a household finds it tedious to save or is disinclined to take the trouble. To go to the post office to deposit 4 annas or 8 annas whenever he cannot involves labour for him. The post offices are selling savings stamps to promote thrift among children. That also involves labour. On account of these practical difficulties experienced by the man who wishes to save but cannot do so, the habit gets into disuse. So we should provide a medium which would make him think always of Saving whatever he can at all hours and also induce the other members of his household, e.g., wife and children, brothers and children, etc. I am sure that anything from a price up-wards he will invest as often as he can. Temptations to spend will disappear immediately when he espies the medium of Saving. Nowadays, children waste a lot of money often given by kind parents, kindlier relatives and friends, on sweets, candies, baloons and toys. All this could be saved and from childhood the incentive to save would be cultivated.

The medium will work psychologically the habit and materially in terms of accrued savings.

The suggestion is that in every home—be it a middle-class house, lower or higher—a small handy cash box should be fixed. The construction of the box should be such that it can be clamped against a wall and sealed. That will present the inducement and incentive to put in anything from a quarter anna upwards whenever the members of household think of it. The box must be locked and the key deposited with the National Savings Officer. Once a week, the concerned officer or his deputies with sufficient authority can come to the household at a fixed time; open the box and count the deposit.

Pass books, one with the householder and one with the officer, will be there and the amount entered in each and mutually signed. Apart from that, a receipt in duplicate must be made out and issued by the officer.

Every day, such inspection can be done in 10 minutes for every house and in 4 to 8 hours of a working-day, an officer can visit 60 to 80 houses., In a week not less than 500 houses can be covered.

These boxes in five hundred houses, I am sure will fetch a deposit of Rs. 5 each or Rs. 2,5000 minimum. Immediately sums are added up to an account for multiples of ten, the authorities can issue National Savings Certificates. That way a large amount of savings can be effected and family will be happy that the authorities povided the means to save.

Ten lakh such hundy boxes could safely be installed in ten lakhs of homes in India, and fifty lakhs can be obtained as Small Scale

Savings. If more boxes can be made, more houses can be found for this installation. A small deposit of Re 1 or 2 (refundable) can be collected from every household towards the cost of the box and at any moment, when the householder does not want the cash box, the money can be refunded. But if they damage or lose the box, Rs. 2 can be forfeited.

The box should be of a uniform pattern with a content of 18 to 20 cubic inches. It should yield to the facility of being clamped on a wall securely and of course, numbered.

Each such cash box made of pressed steel may not cost more than Rs. 1-8, and the authorities will do well to make it in a standard specification.

A grand ceremony should be conducted for a whole week for the distribution of these boxes, preferably inaugurated by our Prime Minister. The boxes can bear the signatures of Shri Nehru by the engraving process and bear the seal of India to ensure the guarantee of the Government. The initial cost of the cash boxes will be recovered by way of deposits. These 20,00,000 will give an yield of 60,000 for the Government every year at 3 per cent.

The six crores expected is only for every 10 lakhs of families. I believe in India there are at least a crore of families financially capable of laying by five rupees on an average this way. Thus, every year sixty crores can flow in and for the Plan period, Rs. 400 crores could easily be obtained

The organisation that is required to work this up should be inter-related to the existing National Savings Scheme.

This task of going round for collecting can be entrusted to low-paid non-gazetted State Government servants for each of whom 100 houses can be given in his own locality. A small extra allowance would be a sufficient inducement. Ill-paid school teachers could also be employed.

A commission of ½% which is given to agents now could be given to them for their collection efforts.

Whether there is money in the cash box or not, every week in the Pass Book entry should be made. The official should visit every house on a certain day at a given time without fail every week. He must be regular. Such attendance at homes builds the confidence.

The Pass Books must be renewed once a year.

A Note on Small Savings

By
G. R. Razdan

THAT our Small Savings Scheme, unique in the whole world, is a game not worth the candle, is illustrated below:

A person having a non-earning wife with a baby in arms, can now invest as under:

1.	Postal deposits (joint) account	.. Rs. 30,000
2.	National Savings Certificates	.. Rs. 50,000
3.	National Plan Certificates	.. Rs. 5,000
4.	Treasury Savings Certificates	.. Rs. 50,000
5.	15-Year Annuity Certificates	.. Rs. 56,000
	Total	.. Rs. 1,91,000
	Add ½ of above on behalf of baby	.. Rs. 95,500
	Total	.. Rs. 2,86,500

The interest on the above comes to Rs. 9,277 a year. If the investor has more than one minor child or ward, he can put in monies in the name of each one of them, as also in those of his adult female relatives, himself operating on all such accounts as guardian of the former and agent of the latter. Consequently, he can enjoy tax-exemption on his income, from interest, of an amount running into five figures. There is no penalty provided for transgressing the above limits except that, on detection, he shall have to withdraw the excess, when asked to do so, and may be deprived of the interest on such excess holding. (*Indian Postal Guide*, 1954, pp. 183-84 and 259).

Details of Cost Incurred by Government :

The cost of pooling the savings is detailed below :—

(*i*) Interest on item 1 above @ 2 and 1½ per cent and on items 2 to 5 at 3½ per cent per annum.

(*ii*) Salary, etc., of the Regional Commissioners as also of Directors and Deputy Directors, etc., in all the States, with their establishments.

(*iii*) Commission paid to authorized agents—It was stated in the Lok Sabha on 28th February, 1956, on behalf of Government that Rs. 33 64 lakhs had been paid as commission to 15,774 authorized agents upto end of November 1955.

(*iv*) Exemption of income tax on interest.

(*v*) Abatement (in some cases immunity from payment) of tax on income other than that from interest on Small Savings, consequent to the non-inclusion of such interest in the assessee's total income.

(*c*) Abatement in super-tax and surcharge on income-tax (even immunity from payment of such taxes in some cases) as a result of the omission of the amount of interest from the assessee's total income. For instance, a person with a total income of Rs. 23,000, including Rs. 3,010 from interest, will not pay any super-tax, his taxed income having fallen below the super-taxable limit of Rs. 20,000. The income-tax exemption shall also reduce the amount of surcharge proportionately.

(*v*) Large properties bequeathed by will or devolving by succession are assessable to Estate Duty ; but not so if a person makes *benami* investments in the names of his kith and kin several years (10/12 years) before his demise ; *himself* retaining *full control* thereon till his last breath. The beneficiaries will not pay even the customary fee for succession certificates, the amounts being claimable by them as their own after the investor's death. Be it noted that in the Budget for the financial year 1955-56, the receipts estimated under the head "Estate Duty" Rs. 2 crores. The have been reduced by 33 per cent, from Rs. 3 crores to *benami* investments may be one of the causes for the steep fall in revenue.

(*vi*) Possible evasion of the payment of income-tax on the principal amounts invested by black marketeers and corrupt salaried persons ; the loop-hole created by tax-corrupt benami investments providing a convenient hide-out for concealment of taxable income.

Constitutional Legality

While deciding a revision petition on January 11, 1956, a Division Bench of the Allahabad High Court held certain sections of the U. P. Sugar Factories Control Act, which empowered the State Government to levy tax at different rates at different categories of mill-owners, and to exempt some from taxation as unconstitutional because they offended against the guarantee of equality before law. The said decision creates serious doubts if the income-tax exemptions in favour of a particular class of Government's creditors can be said to be intra-vires of the present constitution. The exemptions are prima facie repugnant thereto as they discriminate between man and man.

Total income-tax exemption on interest, implying abatements in super-tax and surcharge, as also in Estate Duty, in favour of those who save money *for themselves* and lend it temporarily to the Government *at full market rates* of interest, are unthinkable in socialistic society and unknown in the present generation of capitalistic communities. In the United Kingdom, the 7th issue of National Savings Certificates introduced in 1943, under pressure of war (simultaneously with the initiation of the scheme in India), both tax-free interest at less than half the market rate, viz, 1½ per cent *simple* as against 2½ per cent on postal deposits and 3½ per cent on Government Stocks, both *compound*. (*British Postal Guide,*

1955, p. 447). Evidently, the tax-exemptions there were meant to adjust taxes in marginal cases; *neutralizing* the concession by lower rate of interest. And then the amount investable there in such certificates was restricted to £ 750 per individual, singly or jointly, and not to lakhs as in India. No *Benami* deposits are permitted there and holdings in excess of the permissible limits are liable to forfeiture.

Tax-exemption connotes payment of different price to different persons, for the use of their money; the wealthier the lender (not necessarily the lender of a bigger amount), the higher the price to be paid to him. Several persons investing an equal amount of money will derive unequal benefit therefrom; the perquisite to fixed interest (tax-exemption) varying with the tax leviable on the investor's total income from all sources. A millionaire's return on investments in Small Savings Schemes may be twice that of a person taxed at a lower rate and thrice that of a person not assessable to income-tax.

The Collections

It was stated in the Lok Sabha on September 27, 1955, on behalf of the Government that "there were 5 million postal deposit accounts with a balance of Rs. 250 crores and that about Rs. 219 crores worth of National Savings Certificates had been issued." Assuming the holders of the latter certificates to be 6 lakhs, the total number of persons sharing our postal savings would come to 56 lakhs, *i.e.*, 1½ per cent of the population. The two statements reproduced below will provide a contrast between our achievements and those of the U.K., where the magnetic service of the post office attracts public's money to Government Exchequer *several times* larger in quantity and at *less than half* the cost, *i.e.*, without tax-exemptions and engagement of Authorized Agents:

> "For over ninety years the Post Office Savings Bank has supported the financial stability of Britain and the well-being of its citizens. Approximately one out of every two persons in Britain has a savings bank or other holding with the post office, and active savings bank accounts at the end of 1953 numbered over 22 million." (*Britain—An Official Hand Book*, 1955, p. 225).

> "The conduct of Savings Bank, Savings Certificates and stock business of the post office is concentrated in the Post Office Savings Bank Department which is thus responsible for accounts of about £4,600,000,000 of public money. There are few, if any, families in the United Kingdom who have not a share in these savings in some form or other. (*Encyclopeadia Britainica*, 1954, Vol. 18, p. 309)

Our economic backwardness shall not extentuate the poor results shown by our system; the minimum and maximum amounts depositable here being higher than in Britain. Besides, the figures compared are of Small Savings pooled through Government agencies and not of big savings mobilized by commercial banks. In U.S.A., the balance due to postal deposits at the end of 1950 totalled £3,097,316,449 even though the deposits to such an account there are restricted to £2,500 as against Rs. 30,000 in India, and our population is twice that of the U.S.A.

Suggestions

In India, there are 46,500 post offices of which only 12,000 are doing savings bank business (most of them in towns) as against 19,500 Savings-Bank Post Offices in the U.K. with a population about 1/5th of India. In Canada, there are 1,500 Savings Bank Post Offices for a population of less than 1½ crore (1/25th of India) in addition to Savings Banks run by provincial Governments. In these countries, deposits and withdrawals can be made at any post office as best suits the depositor's convenience from time to time. In India, a branch post master cannot allow a withdrawal to his own depositor, without sanction of the head office, nor are deposits at such offices received from the account-holders of neighbouring post offices, as if they are at war with each other.

It is, therefore, suggested that the advice tendered us by the International Monetary Fund Mission, after close survey of our economy, about 2½ years back, in regard to the extension of postal banking services to rural areas, may be acted up to. At the back of the mind of the Mission, must have been the postal banking system in vogue in advanced countries, such as the U.K., Canada, the U.S.A. and Australia, and not the primitive system obtaining in India. Consequently, the system also may be modernized and brought in line with that prevalent in the aforesaid countries.

The debts incurred by the Government through the Small Savings Schemes are not very much more durable than the postal deposits. The Treasury Savings Certificates are retrieveable on demand any time after issue and the National Savings and Plan Certificates any time after 18 months of issue, without any previous notice. The Government has, therefore, always to keep substantial sums in reserve for repayments, just as is done for postal deposits. There is, therefore, no point in continuing the Small Savings Scheme, and paying higher rate of interest thereon with tax exemptions to boot. But for the said Scheme, the response of the public to the loans floated by the Central and the State Governments during the past few years would undoubtedly have been much better than it was, and the postal deposits too would have been larger in volume.

Government Securities

The British post office credits to the deposit accounts of its clientele the periodical interest on their Government securities (upto a certain limit) kept in its custody, in full, without deduction of income tax; the former being required by law to show the amounts so credited, in their annual income returns. Similar was the practice in India until a few years back, and the interest on Government Securities upto Rs. 5,000 in a year and Rs. 22,500 in all, was exempt from payment of tax. But with the introduction of the Small Savings Scheme, creating several forms of tax-free loans, embracing lakhs of rupees (as described above) the tax-exemption in favour of small holders of Government Securities was withdrawn. Consequently, the Indian post office now deducts the tax on the interest accruing on Government securities kept in its custody, at the source and credits the balance to the holders' deposit accounts. It is suggested that the practice in vogue in Great Britain may be adopted here.

A Note on Small Savings

By

SMALL SAVINGS COMMITTEE, AHMEDABAD

The main aspect of the Scheme is to inculcate the habit of thrift and in this direction, the savings groups for regular salaried persons and wage earners are introduced. In Ahmedabad district, there are 249 savings groups with a membership of 4,400 and monthly savings capacity of Rs. 13,539. There has been much progress as compared to the last year's achievements which stood at 126 groups with 735 membership and having savings capacity of Rs. 6823-12-0. The existing savings groups are formed amongst the Government Offices and the important ones are at the Income-tax office, Engineering college and the Railway. Amongst the private industries the biggest group is at the Ahmedabad Electricity Co., and some groups at Textile Mills and also in some High Schools. There is also a big savings group at Ahmedabad Central Prison with 1,500 membership and the total investment made so far comes to Rs. 10,000. Amongst the textile labourers some groups have been formed at Rakhial, Naroda and at some labour *chawl* and at Calico Mills. This task is rather difficult as the bonus episode of 1949 has left very bad impression on the labourers. The savings now made are entirely on voluntary basis after removing the old prejudice left on them. The intensification in this direction is now being attempted and the Majoor Mahajan has also promised to work in this direction. Last March, good many meetings were organised in Majoor areas with the aid of Majoor Mahajan. The savings scheme has been introduced amongst the smallest wage earners like *Hamals* at Railway, *Hathlariwalas* and vendors.

Now regarding the lump investment, the investments secured during the year 1955-56 are Rs. 1 crore and 4 lakhs as against Rs. 87 lakhs of 1954-55. The achievements of the past year is very encouraging and the District has stood first. The total investment secured by this district during the First Five-Year Plan period is Rs. 3 crores and 23 lakhs. In this direction the N.S field staff has done exceedingly well in securing investment on which commission is not paid. The authorised agents also have given their best share. I take this opportunity to thank them and also the Textile industrialists who have contributed largely. In this regard the drive through High School students was tried as an experiment. The student is the canvasser for the savings and he is to collect promise slips and the collections were either made through the authorised agents or the field investments staff.

In rural areas rural savings drives are set on foot by forming separate committees. They are working at Dehagm and Dhandhuka. The results achieved are very satisfactory as the promises secured amounted to Rs. 1 lakh and the amount realised uptil now is Rs. 60000. These are from villagers in smaller investments.

I would like to make the following suggestions which will help to intensify the schemes:

Publicity: (1) In launching the different drives the committee has experienced the difficulty of lack of funds. The Committee should be

given a stipulated grant so as to enable to expand it activities. The amount will be utilised towards conveyance, meetings and in producing local publicity pamphlets suited to the local conditions and local functions and festivals.

(2) It is constantly felt by the Committee that there is need of a vehicle with publicity equipment, viz., films, projector and mike. There should be films of the kind appealable to the masses in urban areas as well as in rural areas and should have educative and entertaining value. This facility will help regular Savings Drives in urban and rural areas. When occasion needs, the postal staff also can be requisitioned and the issue of N.S.Cs. will be made on the spot in rural areas by making concentrated Drives. Arrangements should be made to provide with this publicity unit to the districts which will help in making the Scheme more popular.

Staff : The National Savings Department staff stationed at Ahmedabad is very inadequate as compared to the volume of work. The strength of the organisers should be raised from 2 to 5. Women organisations are also working and this would facilitate them if one lady organiser is appointed from the proposed increase in staff.

The Committee is finding it difficult to pull on its work as the expansion of the activities has increased the work. It is suggested that the Committee may be given one clerk entirely at its disposal.

I would like to put up here the suggestions and difficulties received from the different concerns:

(1) Investors find it rather difficult to get the encashments of their certificates. Where signatures tally, identification is insisted and even when the identificaton is produced the same is not accepted on the ground that the person so produced is not known to postal authorities. This is the hardship mostly experienced by investors in lower denomination partaining to the illiterates and labourers, etc. It is, therefore, suggested that some remedy should be found out to avoid the troubles of this kind. This is one of the chief factors that the certificates are not getting popularity as could be seen from the past experience of textile labour. It is suggested that, in case of doubtful identity, the payments may be made after observing the procedure as laid down for delivery of payments of money orders. If the payments in such cases are made by the above procedure, there will be lesser complaints in this regard.

(2) The suggestion from the industrialists is that the N.S.Cs should be unlimited, like 12-Year N.S.Cs., so far as the P.F. investments are concerned. The present limit of Rs. 50,000 is found much inconvenient to them. This may kindly be considered.

(3) The authorised agents have been pressing all the while that the 10-Year Treasury Savings Deposits and 15-Year Annuity Certificates should be entrusted to them on commission basis. This is reasonable and may be accepted.

(4) It is their suggestion that the prizes should be declared to the highest 2-3 members who have done best in securing investments in each year.

(5) It is the suggestion of the investing public that all the application forms of different securities should be supplied in regional languages. This is *a genuine demand and may be considered.*

(6) For the use of officials and non-officials who are actively participating in the promotion of the Savings Drive, all the five securities bound in a book form and in regional languages may be supplied.

All these proposals may be considered and facility requested for may be made available as they will help in making the Savings Scheme popular.

"A"

Statement showing the sales figures and Savings Groups during the *First Five-Year Plan (1951-52 to 1955-56)*

Savings Groups

Year	Sales Figures	No. of Savings Groups	Membership	Collection made
1951-52	Rs. 84,68,500	184	2,078	Rs. 1,421 8 0
1952-53	„ 73,68,805	125	930	„ 1,577 4 0
1953-54	„ 72,56,165	160	1,279	„ 3,624 4 0
1954-55	„ 87,51,310	126	835	„ 6,823 12 0
1955-56	„ 104,55,780	249	4,400	„ 13,539 0 0

Following Prizes were distributed during the Years 1954-55 and 1955-56:

1954-55	Name of the Agent	Amount collected during the month of March 1955	Amount of Prize given
	Shri Mohanlal R. Shah	Rs. 53,015	Rs. 50 0 0
	Shri Mahendrakant N. Yagnik	„ 49,200	„ 30 0 0
	Shri Shantilal. C. Kapadia	„ 47,060	„ 15 0 0
1955-56			
	Smt. Chandaben. P. Soni	„ 72,250	„ 30 0 0
	Smt. Mangla R. Pandya	„ 62,355	„ 20 0 0
	Shri N.G. Joshi	„ 49,335	„ 10 0 0

Additional points suggested by the representative of the local authorised agents during the meeting were:

(1) Individual limit of holding of N.S.Cs and N.P.Cs may be raised to Rs. 50,000 and 10,000, respectively.

(2) Rate of commission may be raised at 2½% in the case of Rs. 5 denomination certificate.

(3) The certificates may be made pledgeable to Schedule Banks to raise short term loans to induce the merchant community for investment.

APPENDIX G

STATISTICAL MATERIAL RELATING TO CHAPTER IV

TABLE I*

Livelihood Pattern of Indian Population

Livelihood Class	Self-supporting Persons	Dependents: Non-earning	Dependents: Earning	Dependents: Total (Cols. 3 & 4)	Total (Cols. 2 & 5)	(Col. 6) as Percentage of the General Popu.
	(Number in millions)					
(1)	(2)	(3)	(4)	(5)	(6)	7)
I. *Owner-cultivators* ..	45.7	100.1	21.5	121.5	167.3	46.9
II. Tenant " ..	8.8	18.9	3.9	22.8	31.6	8.8
III. Cultivating labourers ..	14.9	24.7	5.2	29.9	44.8	12.6
IV. *Non-cultivating owners of* land, and other agricultural rent-receivers ..	1.6	3.3	0.4	3.7	5.3	1.5
TOTAL—Agricultural Classes ..	71.0	147.0	31.0	178.0	249.0	69.8
V. Primary industries; mining and quarrying; and processing and manufacture ..	12.2	22.3	3.2	25.5	37.7	10.5
VI. Commerce ..	5.9	14.5	0.9	15.4	21.3	6.0
VII. Transport ..	1.7	3.7	0.2	3.9	5.6	1.6
VIII. All others ..	13.6	26.8	2.6	29.4	43.0	12.1
TOTAL—Non-agricultural classes	33.4	67.3	6.9	74.2	107.6	30.2
General Population ..	104.4	214.3	37.9	252.2	256.6	100.0

A further break up of persons in Livelihood Class V above is as under: Plantations 10,60,000; stock-raising 6,30,000; fishing 4,20,000; forestry and collecting forest produce 2,50,000; mining and quarrying 24,00,000; processing and manufacture food-stuffs, textiles, leather and products thereof (both large and small) 55,10,000; processing and manufacture metals, chemicals and products thereof (both large and small) 12,40,000; processing and manufacture not elsewhere specified 24,30,000. It follows that persons under this livelihood to be found in cities as well as non-urban areas, constituting 10·5 per cent of the general population, are an important section of our population. No detailed information is available about their income levels, but it certainly can be taken to be higher than those of agricultural labourers (Livelihood Class III above).

A break-up of Livelihood Class VIII ('All others') constituting 12.1 per cent of the General population would also be relevant for our discussion. It is as under: Construction and utilities 15,90,000; storage and communications 2,00,000; health, education and public administration 32,90,000; services not elsewhere specified 75,40,000; non agricultural rentiers, pensioners and other miscellaneous income recipients 9,80,000.

*Census of India, 1951, Vol. I, India Part IA—Report; see pp. 93,98,108. Figures in Col. 7 have been taken from Dr. Motilal Gupta's *Problems of Unemployment in India*.

TABLE II

Livelihood Pattern of Agricultural Classes.

States	Total agricultural population ('000)	Percentage of cultivators of land wholly or mainly owned and their dependents (Livelihood Class I)	Percentage of cultivators of land wholly or mainly unowned and their dependents (Livelihood Class II)	Percentage of cultivating labourers & their dependents (Livelihood Class *III*)	Percentage of non-cultivating owners of land and their dependents (Livelihood Class IV)
Part 'A' States:					
Assam ..	6,633	78.9	17.5	2.4	1.2
Bihar ..	34,611	64.3	9.6	25.4	0.7
Bombay ..	22,098	66.3	15.8	14.7	3.2
Madhya Pradesh ..	16,149	65.1	5.9	26.8	2.2
Madras ..	37,021	53.8	14.8	28.1	3.3
Orissa ..	11,612	75.1	7.5	15.5	1.9
Punjab ..	8,069	59.8	24.9	11.9	3.4
Uttar Pradesh ..	46,897	83.9	7.9	7.7	1.4
West Bengal ..	14,195	56.5	21.0	21.4	1.1
Part 'B' States:					
Hyderabad ..	5,940	60.5	10.8	25.2	3.5
Madhya Bharat ..	2,210	69.8	14.1	14.8	1.3
Mysore ..	2,732	79.4	6.8	9.7	4.1
Pepsu ..	959	66.6	16.0	14.2	3.2
Rajasthan ..	4,454	61.1	32.3	4.4	2.2
Saurashtra ..	2,208	70.3	17.9	8.1	3.7
Travancore-Cochin ..	4,190	48.0	12.9	36.8	2.3
Part 'C' States:					
Ajmer ..	379	82.5	6.9	6.2	4.4
Bhopal ..	288	56.8	10.9	30.5	1.8
Bilaspur ..	12	84.9	12.2	1.7	1.2
Coorg ..	97	58.6	17.4	18.5	5.5
Delhi ..	1,572	72.2	9.6	17.0	3.2
Himachal Pradesh ..	69	90.7	7.2	1.0	1.1
Vindhya Pradesh ..	460	71.9	7.3	20.2	0.6
India ..	2,49,122	68.17	12.7	17.99	2.14

TABLE III

Income of Agricultural Labourers in India

CENSUS ZONES AND MAJOR STATES	INCOME: Total Annual income per family (Rs.)	INCOME: Per Capita Income (Rs.)
ALL INDIA	447	104
NORTH INDIA (Uttar Pradesh)	551	131
EAST INDIA ..	506	118
1. Assam ..	610	162
2. Bihar ..	534	119
3. Orissa ..	340	79
4. West Bengal ..	622	159
SOUTH INDIA ..	382	91
1. Madras ..	365	87
2. Mysore ..	396	92
3. Travancore-Cochin ..	541	113
WEST INDIA ..	39[illegible]	91
1. Bombay ..	368	88
2. Saurashtra ..	579	129
CENTRAL INDIA ..	417	91
1. Madhya Pradesh ..	390	87
2. Madhya Bharat ..	399	83
3. Hyderabad ..	455	97
NORTH WEST INDIA ..	651	139
1. Rajasthan ..	604	137
2. Punjab ..	607	121
3. PEPSU ..	913	176

TABLE IV*

Net out put per engaged person in India in 1951-52

Items	Net output (Rs. abja)	No. of persons engaged (Lakhs)	Net output per engaged person (Rs. '000)
1. *Agriculture* ..	48.9	1,036	0.5
2. Mining and Factory establishments ..	6.2	37	1.7
3. Small *Enterprises* ..	9.1	115	0.8
4. Total of mining, manufacturing and hand trades ..	15.3	153	1.0
5. Railways & Communications	2.2	14	1.6
6. Banking, Insurance, other Commerce and Transport ..	14.7	97	1.5
7. Total of commerce, Transport & Communications ..	16.9	111	1.5
8. Professions and liberal arts ..	4.7	64	0.7
9. Government *Service* (administration) ..	4.3	39	1.1
10. Domestic *Service* ..	1.3	29	0.4
11. Total of other services ..	10.3	133	0.8
12. House Property ..	4.1	—	—
13. Net domestic Product at factory cost ..	95.5	1,432	0.67

abja = 100 crores

* *Final Report of the National Income Committee*, Table 30, p. 108.